Towards Sustainable Sugar
Compendium of CSR Initiative in South Asian Countries
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- CSR Centre Trust
  Bangladesh

- Sustainable Development Policy Institute
  Pakistan

- Centre for Afghan Civil Society Support
  Afghanistan

- Environmental Campus for Conservation Awareness
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Executive Summary

India, Pakistan and Bangladesh, the South Asian trio, with the majority of the population dependent on Agriculture, have been culturally sharing the same ethos, having been there for centuries together as a single geographical/social/political entity. The sugar industry in these countries is the second largest, next only to textile and employs more than 300 Million people as their support base. As a tradition, many of these sugar mills have been involving in philanthropic activities in their own way. Most of the new entities are in the cross roads – either realise their responsibilities to the society and the environment for their own sustainability and grow or cease to exist. The need to take care of the interests of various stake holders of the industry is being strongly felt. The business houses are slowly realising their potential to the success of the business depends on resources, poor small farmers who is the critical raw material supplier, farm workers, employees, local community, civil society, Governing bodies and the Environment. They can ill afford to limit themselves, being answerable to their Investors and customers.

Further they need to manage entire Value chain from farmers to factory to consumer in addition to taking care of environment, local community in and around factory as part of their Corporate Social Responsibility as a corporate citizen.

Even though large number of alternative technologies to improve products was introduced in these countries, majority of farms still practise subsistence farming. The challenges of these sugar mills in these countries are how to transform
its subsistence farming to highly productive and sustainable farming without affecting the environment. While previously seen only as a cost, sustainability has become a clear differentiator—driving business to increase sustainable practices not only to improve the planet and its inhabitants, but increasingly improve profits through process efficiencies and operational optimization. During the last two decades, the industry has been under various types of takeover mergers etc by business entities. The subsistence agriculture produces barely enough for survival of the farm household and as such it can barely make a significant contribution to economic growth.

Management of sugar mills in these countries vary. India and Pakistan are under two cater, cooperatives owned by state or farmers, Private Mills owned by individuals or corporate. In Bangladesh all the sugar mills are own by state. Most of the efficient and profit making sugar mills are in private sector, where modernization, high capacity crushing integrated plant with cogeneration, distilleries are being practised.

Inefficient mills are predominantly state or cooperative societies where the mills are with low infrastructure, no modernization like no cogeneration or distilleries. These mills depend on substantial levels of costly government subsidisation, which is unlikely to be sustainable in the long run, thus jeopardising many livelihoods.

There is an urgent need to identify the actions and impacts of their actions on the stakeholder groups and their responsibilities towards the larger Society and the Environment for their own sustainability. Appropriate and proven Quality Systems, Standards and Guidelines are available for improving production, efficiency and sustainability. It is expected of them to adopt these Standards and guidelines as a part of their day to day business, apart from the Statutory and Regulatory requirements. Many of their own fellow sugar mills and other Industry colleagues have been doing exemplary work in their own domain, which can be a benchmark for their own progress, if adopted with its due seriousness and commitment. Sugar being a regulated and controlled commodity in these countries, the policies and strategies demonstrated by these Governments can play a major role and need to be supportive and encouraging to enable sustainable production of Sugarcane and Sugar.
Corporate Social Responsibility extends beyond philanthropic activities and reaches out to the integration of social and business goals. These activities need to be seen as those which would, in the long term, help secure a sustainable competitive advantage. Corporate Social Responsibility is, therefore, closely linked with the practice of Sustainable Development.

Corporate Social Responsibility is a company’s commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders.

Traditionally, the corporate houses in South Asian countries have been serving the society through their philanthropic activities in the form of social welfare schemes funding in the fields of education, health, financial support for the poor, etc. Sugar mills established by service minded entrepreneurs in the rural areas, in the form of private or co-operative societies with the support of local farmers and the Government, helped to improve not only the income of the local population, but also facilitate development of facilities like better roads, communication facilities, etc.
Most of the sugar mills supported farmers gratefully as an act of kindness, through their social activities, for their own sustenance. The farmers looked at the sugar mills as their friend, protector, contributor and saviour. Even today, when one interacts with the sugarcane growers, whose family has been supplying sugarcane for generations, to the sugar mills in their locality, one gets to feel the love, loyalty and the sense of belonging to the sugar mills. They consider the mill as their own and can relate every single good or bad moments in their life with the sugar mills’ existence and the relationship.

The modern day philosophy of these social activities is termed CSR. Presently CSR has become an act of compulsion and wherever necessary an enforcement, when the business interests over took the societal commitments and the impact of their actions – started impacting positively as well as negatively beyond their boundary – on the society, natural resources, environment and the interested groups. This sustenance exercise is to be reminded to the very patrons of the society, when they seem to forget or ignore the same.

Detailed survey and studies have been recently carried out for India, Pakistan and Bangladesh under the aegis of Oxfam Novib, with the support and coordination of Prakruthi. These are named as “Sweet Responsibility – CSR issues in Indian Sugar Industry”; “Corporate Social Responsibility: Studying the Sugar Production Process in Pakistan” and “Challenges in Sustainability and Corporate Social Responsibility – The Sugar Industry in Bangladesh”. Findings of the studies from all these reports have been consolidated here. This compendium is not a comparative study of CSR activities in these three countries. Only the relative data have been analysed for knowledge sharing and for using these best practices as a benchmark for the future.

An analysis of the individual reports of these three countries in the Asian subcontinent reveals the common features in their traditional makeup, culture and the way they do their business. After all, just few decades back, they were one nation, sharing those same ethos, culture and the knowledge. Even though 65 years have passed by, ever since they split from their umbilical cord and started treading their own path, in this book we try to combine reports of these studies to provide a comprehensive view on CSR in these countries.
Sugar Industry in Asian Sub-continent – A Different World

Worldwide, currently sugarcane occupies an area of 22.1 million ha with a total production of 1,450 million metric tons. Sugarcane area and productivity differ widely from country to country. Brazil has the highest area (5.5 million ha), while Australia has the highest productivity (86.3 tons/ha). Out of 121 sugarcane producing countries, fifteen countries (Brazil, India, China, Thailand, Pakistan, Mexico, Cuba, Columbia, Australia, USA, Philippines, South Africa, Argentina, Myanmar, Bangladesh) cover 86% of area and 87.1% of production.

*World Sugar Production 2010-11 in Million Tonnes*
Sugar Industry in India

The Indian sugar industry, second largest agro-based processing industry after cotton textiles in the country, plays a dominant role in accelerating industrialization processes and has been instrumental in bringing socio-economic changes in rural India. The sugar industry in India is well developed with a consumer base of more than a billion people. India is the largest consumer of sugar in the world. Sugar industry covers around 7.1% of total rural population and provides employment to around 50 million rural people. About 45 million farmers are engaged in sugarcane cultivation in India, cultivating more than 5 million Ha area. Sugar mills (cooperative, private and public) have been instrumental in initiating a number of entrepreneurial activities in rural India.

India is the second major sugar producing country in the world, next only to Brazil. Sugar industry occupies an important place among organised industries in India, exemplified by the most successful farmer partnering with the farmer who has the tiniest piece of land in the remotest of the villages. Sugar industry, one of the major agro-based industries in India, has been instrumental in resource mobilization,
employment generation, income generation and creating social infrastructure in rural areas. At present, there are about 550+ registered sugar factories, with annual production capacity of more than 30 Million tonnes (ISMA Report, 2011). The annual turnover of industry is to the tune of Rs. 30,000 crores. The Central and State governments receive annually more than Rs. 6000 crores as excise duty, purchase tax and cess.

Major portion of sugarcane in the country is cultivated in Uttar Pradesh, Maharashtra, Karnataka, Gujarat, Tamil Nadu and Andhra Pradesh. As against an average annual rise of 2.5% in world sugar production during the past ten years, global sugar consumption has grown by about 2% per annum, while in India the consumption has been higher at about 3.5% per annum. Indian sugar industry has grown horizontally with large number of small sized sugar plants set up throughout the country as opposed to the consolidation of capacity in the rest of the important sugar producing countries, where greater emphasis has been laid on larger capacity of sugar plants. Sugar industry has brought socioeconomic changes in rural India by way of facilitating entrepreneurial activities such as dairies, poultries, fruits and vegetable processing, and providing educational, health and credit facilities.

**Government run Cooperative sugar mills in India and Bangladesh:**

The studies of sugar mills in these three countries revealed that the small size plants and their poor efficiency levels had led to an increase in the cost of production of sugar in the case of co-operative mills. The average cost of production of sugar per quintal by some of the state run co-operative mills in India and Bangladesh was higher by 10-15% more than that of a private mill in the neighbourhood or the co-operative sugar mills managed by the farmers themselves as in the case of Maharashtra in India. The Kisan Sahkari Mill at Sathion in Azamgarh district in India in 2010 had produced sugar at a higher cost of Rs.5326 per quintal, since the mill had reached the junk level, when the average cost of production across the country was about Rs.1600 only. (NABARD report 2010)

**Sugar Industry in Bangladesh:**

In Bangladesh, agriculture and agro-based commodities engage about 48% of the labour force and account for about 7.34 of the total export earning and the share
of the sector to the total GDP is about 21.7% (crop sector about 11.7%) (FAF, 2009). The contribution of rural non-farm sector (RNF) is 36% which is driven by agriculture. Together, the share of agriculture and RNF accounts for around 60% of the GDP (FAO, 2008). Sugarcane is the important food-cum-cash-cum-industrial crop and it covers 2.05 percent of the total cultivable land. More than 0.60 million farm families are dependent on sugarcane cultivation for their subsistence. It is the principal raw material of sugar industry and the major source of white sugar and jaggary (gur) production in Bangladesh. Currently, on an average sugarcane is grown in 0.16 million hectare of land of which almost 50% area is located in the sugar mills zone, and the remaining 50% is grown in the non-mills zone, where sugarcane is mostly diverted for jaggary and juice production. Presently, 15 sugar mills are in operation under Bangladesh Sugar and Food Industries Corporation (BSFIC) with a capacity of 0.21 million tons of sugar production per year (BSFIC, 2008). These industries are providing employment to nearly 16,000 persons (BSFIC, 2005). Most of these factories have low yield and low sugar recovery percentage, high processing loss, excessive manpower in the factory, low capacity utilization and higher production cost in comparison to the other sugar producing countries.

In Bangladesh, per hectare yield is about 40 tonnes/ha only where as it is about 70 t/ha in India and Pakistan. Recovery per cent in Bangladesh was 7.0 to 8.5 only, but 8.5 to 11.0 in countries like India and Pakistan.

**Constraints/Issues of Crop Production**

The general scenarios of crop production constraints are briefly summarized below

1. **Arable Land reduction:**
   Bangladesh is a land hungry country. Presently, cultivable land of Bangladesh is about 8.2 million ha. But it is declining by approximately 1% for urbanization, infrastructure, roads etc. and if it continues at this rate, it will come down to 6.6 million ha in 2030.
(ii) **Soil fertility reduction**:

Farmers cultivate crops without returning the nutrients at rates that equal its uptake, thus causing soil fertility depletion. Increased cropping intensity (>180%) with HYV crops has led to negative balance of major nutrients (NPKS & Mg), soil organic matter (<1%) and micronutrients (Zn,B,Mo). The areas of low fertility comprise about 60% of the total cultivable land. The productivity is declining most in high and medium high lands and as a result, they are low in fertility.

(iii) **Small land holdings**:

There are about 18 million farm households in Bangladesh. Of them 86.68% belong to landless, marginal and small farmers and they occupy 41.2% of land. Medium farmer (11.65% of the population) occupy 42.40% of land and large farmers (1.67% of the population ) occupy 16.40% of land. Category wise distribution is as follows.

<table>
<thead>
<tr>
<th>Farm size (acre)</th>
<th>No. in million and (%)</th>
<th>Proportion of area (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless (0.00 - 0.49)</td>
<td>9.33 (52.65)</td>
<td>4.50</td>
</tr>
<tr>
<td>Marginal (0.50-1.49)</td>
<td>4.19 (23.53)</td>
<td>18.50</td>
</tr>
<tr>
<td>Small (1.50-2.40)</td>
<td>1.87 (10.50)</td>
<td>18.20</td>
</tr>
<tr>
<td>Medium (2.50-7.49)</td>
<td>2.08 (11.65)</td>
<td>42.40</td>
</tr>
<tr>
<td>Large (&gt;7.50)</td>
<td>0.30 (1.67)</td>
<td>16.40</td>
</tr>
</tbody>
</table>

The sugar industry in Bangladesh is nationalized since the country’s independence. Due to inefficiencies in management, mismatched demand and supply of raw materials, outdated technology and low recovery-rate of cane-type used in the mills, the level of actual production is far below installed capacity. The industries are running at a loss since the mid 1980s. The sugar production in Bangladesh is not growing at a steady rate for reasons that we will look into in section 3. findings. The mills in Bangladesh are now producing at an average rate of 9000 metric tons per year (during 2008 to 2012) which is much below their capacity (above 40,000 metric tons on average). All the currently operating 17 mills come under the control of Bangladesh Sugar & Food Industries Corporation – a Government body.
Price setting for Sugarcane and Sugar in Bangladesh:
The Bangladesh Government heavily subsidizes the price of BSFIC sugar. When the cost of production of local sugar was around Takas. 62/kg, it was sold in the market at around Tk. 35/kg (2007?). Such subsidization is likely to be necessary if BSFIC sugar is to compete with sugar from private refineries, (except at Ramadan, when prices charged by the private refineries are likely to increase in response to increases in demand).

However, given the fairly small market share of BSFIC sugar, and the fact that much of it appears to be sold at Ramadan, it is unlikely to generate distortion or crowd out private sector activity during normal periods.

Production cost is higher than market price:
Government policy is partly responsible for this. Competition from efficient foreign producers such as Brazil means that imports would wipe out the domestic mills. The inefficiency of the domestic mills is so grave that they incur one of the highest production costs. But the government also must keep the customs happy for political reasons. It therefore orders mills to sell sugar at prices far below the cost of production and hence incur losses.

Problems faced by Bangladesh sugar mills

Insufficient raw material:
Sugar mills are unable to procure enough sugarcane to crush. This is so because farmers lack the incentive to sell cane to the mills at low price. They prefer gur makers who offer higher prices or they switch to non-cane crops.
Low recovery:
The average sugar recovery rate in Bangladesh is around 7%, while that in India and Pakistan it is 9 to 11%. This is the result of traditional varieties of cane with low sugar content and especially the outdated technology that fails to crush the sugar cane enough to extract the sugar content.

Outdated technology:
The sugar mills are old and have very old machines that are not kept in good order. This situation prevails because the state-owned mills almost never saw much profit in investing in technology upgrade. These perennial loss makers cannot afford to modernize.

Profit and Loss
BSFIC data shows that the mills in Bangladesh have been making losses consistently since at least the beginning of the 1990s. Future production by BSFIC mills is under threat because of these continuous losses and also reduced sugarcane production. The state-led sugar industries exhibit low productivity and poor performance, and the use of obsolete technology and inefficient farming methods mean poor cane yields and sugar outputs. Almost all the sugar mills in Bangladesh are struggling to compete and survive in the face of competition from sugar that is privately produced by refineries with imported sugar or direct import of sugar. They need substantial levels of costly government subsidies, which is unlikely to be sustainable in the long run, thus jeopardising many livelihoods.

Bangladesh: Sugar remains unsold because price disparities

Published: 03/15/2012, 12:08:03 PM

Around 8,873 tonnes of sugar worth about BDT48.80 crore produced by government-run Thakurgaon and Panchagarh sugar mills has remained unsold as their selling price is higher than that of private sugar factories and refineries, according to Bangladesh’s The Daily Times newspaper. Consequently, hundreds of farmers who had supplied sugarcane to the mills during the recently ended crushing season are yet to get their dues. Thakurgaon Sugar Mills Ltd owes BDT1.5 crore to 500 farmers while Panchagarh Sugar Mills Ltd owes about BDT3 crore 50 lakh to 2,500 farmers. The farmers are regularly approaching the mill authorities for
their dues, but they have to return either empty-handed or with small amounts as partial payment. The situation may discourage farmers to grow sugarcane in the coming season.

“I cultivated sugarcane on 10-bigha (a bigha = .3306 acres) of land and supplied 58 tonnes of sugarcane to Thakurgaon Sugar Mills. But I am yet to get my dues despite coming to the mill several times. My family plan had to be changed due to the situation,” said Md Habibur Rahman, 45, sugarcane grower of Nargoon village in Thakurgoan Sadar upazila.

Yasin Ali, 40, of Maligaon village in Atwary upazila in Panchagarh district, said he cultivated sugarcane on 15-bigha of land and supplied 70 tonnes of sugarcane to Panchagarh Sugar Mills but still he has dues of BDT50,000. “I cannot manage the expenditure of the ongoing boro cultivation due to the delay in payment,” he said.

Thakurgaon Sugar Mills produced about 4,781 tonnes of sugar by crushing 79,480 tonnes of sugarcanes in 67 days of operation period starting on December 2 last year, said Managing Director (MD) Sibendranath Sarcar. Panchagarh Sugar Mills produced 4,363 tonnes of sugar. Of the total production, only 71 tonnes of sugar of Thakurgaon Sugar Mills and 200 tonnes of Panchagarh Sugar Mills have been sold, mill sources said.

“We are yet to draw sugar from state-owned sugar mills as the private companies are selling a kg of sugar at BDT53 while the rate of state owned mills is BDT55,” said Yakub Ali, a sugar dealer of Thakurgaon.

Blaming government policy for the situation, MD of Thakurgaon Sugar Mills Ltd Sibendranath Sarcar said the private companies who import raw sugar set their prices lower than the price fixed by state-own mills. He demanded increasing the import duty on raw sugar to save the state-owned sugar mills as livelihood of thousands of families is related with it. The authorities of the loss-making mills have urged the higher authorities to arrange sufficient funds to enable them to pay off the arrear dues of the sugarcane growers, he said. Farmers are losing interest in cultivating sugarcane as they have to face hassles to get their dues for supplying sugarcane to the mills every year, said Yunus Ali, president of Thakurgaon Sugarcane Growers’ Association.
“Sugar mill workers and employees suffer much as the mill authorities fail to pay salary in time when sugar remains unsold. The government should control the market price of sugar so that the private mill owners cannot take undue advantage by fixing lower rates,” said Jobidur Rahman, president of Thalurgaon Sugar Mills Workers and Employees Union.

Fifteen state-owned sugar mills in the country produced 69,307 tonnes of sugar by crushing 10 lakh 47 thousand 559 tonnes of sugarcane this year while last year they produced 93,577 tonnes of sugar by crushing 14 lakh 79 thousand 881 tonnes of sugarcane.

Sugar Industry in Pakistan:
In Pakistan, the sugar industry plays an important role in the economy of the country. It is the second largest industry after textiles. At the time of independence in 1947, there were only two sugar factories in Pakistan. The output of these factories was not sufficient for meeting the domestic requirements. The country started to import sugar from other countries and huge foreign exchange was spent on this item. Need was felt to increase the production of sugar. Keeping in view the importance of sugar industry, the Government setup a commission in 1957 to frame a scheme for the development of the sugar industry. In this way the first sugar mill was established at Tando Muhammad Khan in Sindh province in the year 1961. With sustained encouragement and support coming from the Government, the number of sugar mills in Pakistan rose to 76 sugar mills by year 2000.

The sugar industry employs over 75,000 people, including management experts, technologists, engineers, financial experts, skilled, semiskilled and unskilled workers. It contributes around 4 billion rupees under the head of excise duty and other levies to the Government. Ironically, the number of sugar mills has come down to just 58 in Pakistan.
More than 18 sugar mills have stopped operation over the last 10 years, due to financial crises. Interestingly, Pakistan sugar Industry is totally in the hands of private individual owners, unlike India where about 50% of the 550+ sugar mills are either Government owned and operated or managed by farmers’ co-operative societies or in case of Bangladesh where all the 17 sugar mills are Government owned and operated.

**Province-wise Total Production of Pakistan**

<table>
<thead>
<tr>
<th></th>
<th>Crane Crushed</th>
<th>Raw Utilized</th>
<th>Beet Sliced</th>
<th>Sugar Production</th>
<th>Total Sugar</th>
<th>Mol (C+R+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Cane Raw Beet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Punjab</td>
<td>27,890,459</td>
<td>*23,000</td>
<td>NIL</td>
<td>2,576,615 21,470</td>
<td>2,598,085</td>
<td>1,249,324</td>
</tr>
<tr>
<td>Sindh</td>
<td>13,600,800</td>
<td>19,360</td>
<td>NIL</td>
<td>1,280,781 18,208</td>
<td>1,298,989</td>
<td>643,651</td>
</tr>
<tr>
<td>Khyber Pakhtunkhwa</td>
<td>3,035,460</td>
<td>NIL</td>
<td>151,265</td>
<td>262,120 NIL 13,535</td>
<td>275,655</td>
<td>275,655</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44,526,719</strong></td>
<td><strong>42,360</strong></td>
<td><strong>151,265</strong></td>
<td><strong>4,119,516 39,678</strong></td>
<td><strong>4,172,729</strong></td>
<td><strong>2,034,555</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,611,003</strong></td>
<td>-</td>
<td>53,336</td>
<td>3,133,494 NIL 4,641</td>
<td>3,138,135</td>
<td>1,557,457</td>
</tr>
</tbody>
</table>

Unfortunately, Pakistan’s sugar industry is mostly owned by political personalities and majority of the sugar mills were setup with the help of DFIs normally trapped with the working capital crisis. A collapse of sugar mill is a loss of national assets, reduction in the sales tax revenue and an increase in unemployment.

**Pakistan Sugar Mills Association (PSMA)**

A representative platform of the sugar mills of Pakistan, the Pakistan Sugar Mill Association (PSMA), was established in 1964. PSMA plays a critical role in the manufacture of sugar, protecting the interest of the sugar mills and its linkage with sugar allied industries. By law, PSMA meets at least once a year. A PSMA official assured that representative of all farmers’ associations participate in the meetings of PSMA, namely Punjab Agriculture Kisan Association. As mentioned on the website of PSMA, its objectives include: to create an institutional structure for the research and development for sugar industry. PSMA seemed to be leading a cartel in the sugar industry. From the evidence, it was gathered that under the face of PSMA, sugar mills were working in a “closed and protected” market instead of competing fairly. This arrangement seemed to be managed “collusively and collectively” by PSMA.
Unlike India and Bangladesh, cane farmers in Pakistan are dominated by medium sized holdings. According to Agriculture Census 2000, 73 percent of total area under sugarcane farmers holding was medium sized, ranging from five to 50 acres. The average size was 11.6 acres. However, sugarcane average area under a farm is only 2.4 acres. This means though under medium sized farmers, sugarcane cultivation is mostly done on small patches and the growers’ status as market entities remains that of small producers.

It is felt that the old zoning system seems to be advantageous for both farmers and sugar mills. The farmers should not be free to sell their produce to any mill they like. The present action of de-zoning should discontinue. By this action, the development work that was being done by mills has greatly been reduced. The mills would not like to invest their money on development of the farmers unless they are sure to get their cane delivered to their mill. This has also encouraged the middleman business, which has increased the cost and decreased the quality of cane delivered. This has also increased the after harvest losses and transport expenses. Since de-zoning, the incentive of sugar mills to direct resources for development of good variety cane in its area has almost diminished because the growers who have borrowed money from a sugar mill for development is free to take his sugarcane to any mill irrespective of which mill advanced the loan for development. It is also one among the causes of sickness in sugar industry. Large interest of the growers in the area and those associated with such project, which collapses due to non-availability of cane, is badly affected.

Interestingly, there are quite a few things which are observed to be commonly shared by the sugar industry in these three countries.

- The sugar industry in all three countries suffer due to the excessive control by the Governments and regulated more for political reasons.
- Mostly supported by the supply of sugarcane from large number of small farmers’ gardens
- Most of the farms are fragmented and show low productivity
- Cane arrears and delay in cane payment. Competition from gur sugaindustry
e. Competition from gur sugar industry

f. CSR activities predominantly consent of philanthropic and limited to few good mills.

g. Ailing government-owned and operated co-operative sugar mills in India and Bangladesh

h. Closure of sugar mills and consequent negative impacts on all the stakeholders

i. Poor adoption of latest technology in the field as well as the factory

j. Labour shortage in farm and very low level of farm mechanisation

k. Limited subsidy support from the Governments for agricultural activities

l. Soil degradation and depleting water sources

m. Except for few sugar mills in India, no serious commitment towards augmentation of potential of sugar mills to transform themselves into power houses – co-generation and ethanol production.
I. Value Chain of Sugar Industry

The sugar mill acts as the hub and the fulcrum of the entire sugar value chain by playing a pivotal role, linking the entire spectrum of stakeholders in the process. In India, the sugar company on obtaining the licence from the Government to set up a factory, is allocated a specified area around the mill, which is designated as command area, from which, it is empowered to draw cane for its sugar manufacturing process.

This command area concept is strictly adhered to and also enforced upon the mills by...
Government authorities, in the southern states, while this discipline is not prevalent in the northern states in its entirety in India. The sugar mill motivates and encourages the framers to cultivate sugarcane in their lands, assuring them total buy back arrangement at the price fixed by the Government or more. The farmer is also offered seed material and other inputs required. In the case of Pakistan, there is a ban on starting up a new sugar mill, as the existing mills are running at low capacity because of shortage of raw material: sugarcane. Zoning concept was done away with in 1970s and it’s free for all now. Cane procurement is dependent on their financial capability and their ability to retain the loyalty of the farmers. Bangladesh, though have a demarcated area? for their sugar mills, this doesn’t seem to be seriously enforced upon. Being state run entities, there seems to be very limited competition among the sugar mills and Gur sugar makers share is almost 50% of the total sugar market.

II. Sugar Mill – Best Practices:

Good factories organise crop loans to farmers from the banks or cooperative societies, in the same village/town, giving guarantee to the financiers that it would pay the cane proceeds directly to the respective farmers bank account on supply of cane after about 11-12 months period. The farmer has to only furnish the copy of his land documents (Title deeds) and the bank account number for registering himself as the cane grower of the factory. The crop growth is monitored from the land preparation stage, planting, manuring, pest and disease control and grand growth stage by the cane officials from the sugar mill. When the crop is ready for harvest, the sugar mill makes assessment of crop maturity and advises the farmer to stop irrigation and be ready for harvest and issues cutting orders. The sugar mill arranges the required labour for cane harvesting, by paying required advance amount, which shall be deducted over a period of time upon harvesting and plays a mediator role in fixing the cane harvesting charges to be paid to the cane harvesting gang by the farmer. The sugar mill shall take an authorisation letter from the farmer for payment to the cane harvesting gang on behalf of the farmer, which shall be deducted from the cane proceeds once the cane supply is completed from the registered plot. The harvested cane shall be transported to the factory on the same day and the trucks/tractors shall be arranged by the factory appropriately and the factory makes the payment to the transporters.
The sugar mill extends required assistance in the form of scientific advice on sugarcane cultivation, if the farmer prefers, arrange machineries/field implements/drip irrigation system installation through the service providers, who have been supported by the mill for this purpose. In the case of a farmer wanting to deepen his well or install drip system in his land, the Sugar mill also arranges required finance through term loan from the financial institution on the same lines, providing assurance for the loan repayment, through the farmers account, from the cane supply proceeds.

**Cane Payment:** Once the cane reaches the factory cane yard, it is weighed and unloaded. The harvesting-to-delivery process in the factory yard normally goes through a maximum of 18 hour cycle on a daily basis. On completion of harvesting of the plot, the cane proceeds are calculated by the sugar mill accounts/finance department. The balance amount, after the deduction of payments made to the harvesting gang on the basis of tonnage harvested and any other inputs and other services provided to the farmer, is remitted to registered account of the farmer within 14 days from the last date of harvesting. On receipt of the proceeds, the bank shall debit the loan amount with interest and credit the balance amount to the farmers account. The farmer in turn shall re-register his plot as ratoon crop and the cycle continues.

**Role of Farmer Association:** Role of Farmer Association: Farmer associations play a supportive role in bringing up issues and problems faced by individual farmers. They also participate in monthly farmer grievance meeting of the District Revenue authorities and make representations whenever required for issues such as water release in the irrigation channels, power shortage for irrigation, subsidies available from the government for promoting new technologies or machinery among farmers, etc. They play an active role in negotiating with the sugar mills in fixing cane price every year, before the commencement of the crushing season in October/November. The sugar mills liaise with the insurance authorities in case of crop failure and facilitate the insurance payments to the farmers who have suffered damage to his crop due to any reasons.

**Linkages with Government:** Linkages with Government: The government policies and regulatory mechanisms play a vital role in the larger framework of the sugar industry.
At the ground level, depending on the local needs, the sugar mills liaise with the local government authorities and support their effort administratively as well as financially; in de-silting of tanks, strengthening irrigation channels, laying new roads, repairing old roads, etc. The micro irrigation subsidy is routed through the sugar mills by the government authorities and they take care of the liaisoning with the drip companies, arranging seminars, training programs, etc., too. The Central Government provides financial assistance in the form of long term loans to the farmers through the sugar mills from Sugar Development Fund at subsidised interest rates. Common civil works such as irrigation schemes, are also routed through the sugar mills and local government authorities.

III Making Sugar in the Mill:

All the three countries sugar seems to be common following general process involved in Sugar production industry. Approximately 10% of the sugar cane can be processed to commercial sugar, using approximately 20 cubic meters of water per metric ton (m3/t) of cane processed. Sugarcane contains 70% water, 14% fiber, 13.3% saccharose (about 10 to 15% sucrose), and 2.7% soluble impurities. Sugarcane is generally washed, after which juice is extracted from them. The juice is clarified to remove mud, evaporated to prepare syrup, crystallized to separate out the liquor, and centrifuged to separate molasses from the crystals. Sugar crystals are then dried and may be further refined before bagging for shipment. In some places, juice is extracted by a diffusion process that can give higher rates of extraction with lower energy consumption and reduced operating and maintenance costs.

Sugar refining involves removal of impurities and decolorization. The steps generally followed include affination (mingling and centrifugation), melting, clarification, decolorization, evaporation, crystallization, and finishing. Decolorization methods use granular activated carbon, powdered activated carbon, ion exchange resins, and other materials.

Products: The sugar manufacturing process in the factory culminates in sugar Production; press mud, which gets processed into compost and is supplied to the farmers at a subsidized price for soil enrichment and molasses which is processed in the distillery to produce industrial alcohol/ethanol which is
potable. Cogeneration uses up the bagasse from the crushed plant as fuel to produce electricity. After using the required amount, the remaining is sold to the government power grid. Unlike many other manufacturing industries, sugar mills are the only manufacturing units which do not draw power from the grid and produce its own energy requirement to run the mill and further, supplies the surplus to the government grid.

IV. Employment:

An average sized sugar mill (3000 TCD) has 3 major divisions: administration, cane department, factory and other support service functions. It employs around 100 management staffs, about 80-100 cane field staffs and about 250-300 factory employees, including technical personnel.

India: The non-management staff level employees in the sugar mill are governed by the National Sugar Wage Board in India and are paid as per the pan-India norms prescribed year to year, for the entire sugar Industry. The HR wing of the factory conducts / arranges training programs for the employees to improve their skill levels as well as to keep the employees updated about the emerging new technologies. They conduct regular welfare programs for employees, their spouses, children, as well as the local public, such as organizing medical camps, supporting women self help groups, holding summer camps, etc. Quite a few employees would also be cane growers, registered with the mill and supplying substantial quantity of cane.

Pakistan: The sugar mill employees in Pakistan are well organised and the labour unions and employees associations are affiliated to the National Trade Unions. The wages are discussed and decided at the regional/ factory level through a system called CBA – Collective Bargaining Agents. The CBAs are elected by the employees periodically and are empowered to take up the issues of the employees and also discuss with the sugar mill management about their salary structure and other grievances.

Statutory benefits given to workers comprise:

- Workers’ share in profits – 5 per cent;
In addition to these statutory benefits under the labour laws, adjustment of rights takes place through collective bargaining, including adjudication in labour courts. Industrial workers’ wages are negotiated in the formal organized sector through the process of collective bargaining and are periodically enhanced by arriving at collective agreements between the concerned parties. Under the provisions of the Industrial Relations Act, 2008 (IRA-08), a CBA can serve notice of its ‘charter of demands’ to the management and request initiation.

**Bangladesh:** The employees in 15 operating Bangladesh sugar mills are directly employed by the Government-owned co-operative sugar units and are governed by the National level settlement negotiated between the Government and the Sugarmills Employees Associations periodically. However, the employees of privately managed sugar refineries do not come under their purview.

**V. Cane Price:**

Sugarcane price is fixed by the Central Government in India every year for the entire country, which is known as FRP – Fair Remunerative Price, announced normally in September/October, before the start of the new sugar season. FRP is the minimum price that sugarcane farmers are legally guaranteed. However,
the sugar mills are free to offer any price above the FRP. FRP is linked to a basic recovery rate of 9.5 percent, subject to a premium of Rs 1.46 for every 0.1 percentage point increase in recovery above 9.5 percent. The FRP is fixed after taking into consideration the margins for sugarcane farmers on account of risk as well as profit on the cost of production of sugarcane, including the cost of transportation. It includes a margin of nearly 45 percent on account of profit and risk to the farmers and adjusted average cost of production of sugarcane, including the cost of transportation to the mill gate.

In Pakistan, like India, the sugarcane price is currently fixed as a minimum on the basis of average recovery without consideration of mill efficiency or farmer’s efficiencies. Thus, if a cane price of Rs.40 is fixed for average recovery of 8.5%, the mills getting 7.5% recovery shall pay Rs. 35.29 for 40 kg and the mills getting 9.5% recovery shall pay Rs. 44.71. This means that Rs.0.47 shall be adjustable for increase or decrease of 0.1% in recovery from standard recovery fixed as 8.5%.

VI. Sugar Price:

A. India

In India, manufactured sugar is kept in the bonded warehouses and is released into the market for sale, as per the Sugar Release order issued by the Central Government on a monthly basis, apart from 10% levy sugar to be supplied to the Government, (for PDS catering to the poor population at subsidised price) at the price fixed by the Government, which happens to be invariably less than the cost of production at the factory – a social welfare activity of the Government, cost, which is forcibly sponsored by the sugar mills. In India, the Central Government exercises tight control over the sugar available in the market and its price. Depending on the political and economic situations, the import or export of sugar is decided by the Government. This has been a pressing issue for total decontrol of sugar industry from Government, for its sustenance.

B. Pakistan

In Pakistan, sugar price in the market is regulated by the Federal government. The PSMA (Pakistan Sugar Millers Association) controls the sugar price in the market by operating a seller’s cartel. According to CCP’s report, PSMA was involved in fixing
sugar prices, proposing and allocating quotas and engaging in collective negotiations for price. It was also evident that PSMA manipulates the actions of Trade Council of Pakistan (TCP) for the benefit of sugar mills. PSMA appeared to further restrict competition by controlling the number of mills in the market through creating barriers to entry with the use of the government to its advantage.

The Federal Ministry of Industries and Production (M&IP) has a ‘dedicated wing’ for the compilation and scrutiny of statistics relating to the sugar sector and the provincial governments has sufficient resources to provide independent, credible and verifiable data-analysis regarding cost of production but no such exercise is being carried out. This information is supplied by PSMA to M&IP. M&IP has not verified the authenticity of the data. What is more, it appears that even the data used by Federal Board of Revenue is supplied by PSMA. The price of sugar fluctuates frequently in Pakistan. International and domestic factors are said to be the reasons behind this instability. For instance, the flooding in Brazil and the lack of rains in India adversely affected the global acreage used for producing sugarcane.

C. Bangladesh

In Bangladesh, the market price for sugar is determined by the sugar refineries operating in the country, rather than the sugar mills. The Government owned sugar mills’ cost of production is so high, it invariably is subsidized heavily at every level. More often than not, the Government holds the stock produced by its mills and releases them during Ramdaan season, so as to cool down sugar prices for the common man, which would otherwise be manipulated by the sugar refineries to their advantage.

VII. Sugar market and Consumers:

VII. Sugar market and Consumers:

Plantation white sugar is the most popular product in India. The quality of sugar is determined primarily by its grain size,(Bold M30 / small S30 and so on) and colour (ICUMSA). Typically, the sugar is marketed directly to the institutional large volume customers by sugar mills as well as through the brokers as commodity for the consumer market. Major customers are cold bevarage industry, sweet manufacturers, pharmaceutical industry, hotels, super
markets, tea shops and kirana shops through which the sugar reaches household consumers. Quite a few sugar mills have sugar refinaries, which deliver high quality sugar to the niche markets. If the international sugar price is ruling favourable and if the Government allows export of sugar in surplus situations, do export white plantation Sugar. In the recent past, the trend is to produce Raw sugar exclusively for the Export market, as the demand for it is high and most of the European and American countries use only refined sugar.

VIII. Sugar season:
The sugar mill normally operates during the period between October to March/ April, which is called main season, coinciding with the sugarcane planting season, and the crop is harvested in 12 months period, falling in the same period. The sugarcane once planted, yields productively for at least 2-3 seasons, as ratoon crop, in the same 12 months cycle. The crop is uprooted and replanted after 3-4 years. Most of the private sugar mills in Tamil Nadu and few in Karnataka in India, operate for an extended period between July and September. This is known as special season and the local climatic conditions are conducive for planting sugarcane during that period too, thus enabling capacity utilisation which otherwise might be lying idle. These mills operate for almost 250 days a year. The sugar recovery in the special season is relatively lower than the main season.

Linkage with Local community: Typically, in a sugar mill the cane department, factory employees and support staffs like admin, security, contract labour, etc., are drawn from the local population. Quite a few management staffs from the local villages or nearby towns do populate the factory roaster. Most of the factories house post office, banks and ATMs in their premises, which are accessible to the general public. Most of the sugar factories in all these three countries, offer their service to the local society, through primary schools and hospitals / dispensaries, community/ marriage halls, temples housed in the factory campusfinancially supported and operated by the mill management etc. Most of the old sugar mills provide drinking water supply to the local villagers living in the periphery of the mill compound; 24-hour supply, a rare phenomenon in these days in any village or even in towns and big cities. Invariably, some of the employees from the local villages happen to be Panchayat members or leaders. One can witness even the local police stations housed in buildings owned by the sugar mill in the village.
Indian Perspective:

In today’s changed business scenario, there is an increased focus on giving back to society and creating a model which works long term and is sustainable. It is, therefore, imperative that the best practices for inclusive growth are shared with the stakeholders. Nearly all leading corporates in India are involved in CSR programmes in areas such as education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. This seems to be surprisingly missing in the case of the corporate sector in Pakistan and Bangladesh, with very few notable exceptions.

India was ranked fourth in the list, according to social enterprise CSR Asia’s Asian Sustainability Ranking (ASR), released in October 2009. According to a study undertaken by the industry body in June 2009, which studied the CSR activities of 300 corporate houses, corporate India has spread its CSR activities across 20 states and union territories. The companies have on an average, identified 26 different themes for their CSR initiatives. Of these 26 schemes, community welfare tops the list, followed by education, environment, health and rural development.

Further, according to a study by financial paper, The Economic Times, donations by listed companies grew 8 per cent during the fiscal ended March 2009. The study of disclosures made by companies showed that 760 companies donated US$ 170 million in
FY09, up from US$ 156 million during the same period in the previous year. As many as 108 companies donated over US$ 216,199, up 20 per cent over the previous year.

Although corporate India is involved in CSR activities, the central government is working on a framework for quantifying the CSR initiatives of companies to promote them further. According to EX MCA (Minister for Corporate Affairs), Mr Salman Khurshid, one of the ways to attract companies towards CSR work is to develop a system of CSR credits, similar to the system of carbon credits which are given to companies for green initiatives.

Moreover in 2010, through the Department of Public Enterprises’ guidelines on CSR, the government made it mandatory for all public sector companies to spend 2 per cent of their net profits on corporate social responsibility.

Besides the private sector, the government is also ensuring that the public sector companies participate actively in CSR initiatives. The Department of Public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important corporate social responsibility projects to be funded by 2-5 per cent of the company’s net profits. These DPE guidelines for CSR was revised in Dec, 2012 with concrete CSR activities, sustainability issues and reporting.

According to a National Geographic survey, which studied 17,000 consumers in 17 countries, Indians are the most eco-friendly consumers in the world. India topped the Consumer Greendex, where consumers were asked about energy use and conservation, transportation choices, food sources, the relative use of green products versus traditional products, attitudes towards the environment and sustainability and knowledge of environmental issues.

The common agenda of CSR activities in Indian corporate houses, particularly in the sugar industry fall under these categories.

1. To promote education, health care, rural development, gender equality, development of water resources, training and assistance for employment-oriented /entrepreneurial/ self help ventures and advancement of any other charitable objectives for the general public by carrying out activities which are not for profit and without any discrimination.
2. To establish and maintain the activities that empower the youth for their socio economic growth and grant scholarships, stipends and financial help to the deserving students and help them in their academic pursuits.

3. To establish, maintain and grant aid to old age homes, orphanages, and other establishments for relief and help to the needy, destitute, physical handicapped, widows during natural calamities such as famine, earthquake, flood, fire, pestilence etc.

4. To promote and or maintain institutions for fostering the cause of science, literature, music, drama and fine arts.

5. To establish and maintain dug wells, bore wells, water works for supply of drinking water for the use of general public and to develop water sources of all kinds for drinking and irrigation, including rain water harvesting and micro irrigation systems.

6. To develop income supplementing schemes and ideas for the farmers, especially women and rural community, and promote modern methods of agriculture, establishing of training centers for cane growers, establishment of soil testing laboratories, conduct of on farms trials/live demos, expansion of innovative farm implants etc and import necessary knowledge/information about the same.

7. To promote social forestry and tree plantation to promote ecological balance.

**CSR in Shree Warana Co-Operative Sugar Factory, Maharashtra, India**

**Shree Warana Co-operative Sugar Factory** was founded in the year 1956. Warana Co-operative sugar factory has best proved many times among all Co-operative sugar factories in the country. It has proved to be a nucleus for the multi-faceted development of the region and for bringing about the upliftment of the masses. In other words, we can say that without knowing the definition of marketing (creation and delivery of standard of living) Late Sahakarmaharshi Tatyasaheb Kore has done such a Herculean task within a short span of 60 years.
PURA (Providing Urban amenities in Rural Areas) is a notable program initiated by the former President of India Dr. A. P. J. Abdul Kalam. The perspective of the program is enhancement of living standards in villages. This is achieved by facilitating access to all the basic facilities like roads, water, lighting, school, communication, healthcare and employment opportunities in rural areas. In turn, it will check migration from rural areas to urban with urbanlike facilities and improved income generation available within rural folds.

a. Sakthi Sugars Ltd, Tamilnadu, India

Social Development Activities

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b. Sakthi Foundation

The foundation was instituted to cater to the educational needs of the children of Sakthi Sugars employees, sugarcane growers and local population. The Mahalingam – Mariammal Manivizha Charitable Trust was constituted in the year 1983 at the Kasturba Gandhi National Memorial Buildings, Coimbatore.

True to the Gandhian ideals, the institutions situated inside the Kasturba National Memorial Trust are reaching out to more people every day, extending their help to destitute women, children and the socially neglected and the down-trodden.

The following establishments are being run by the Trust:

c. Kasturba Gandhi Oral School for the Hearing Impaired, Varadarajapuram, Coimbatore

The Kasturba Oral School for the Hearing Impaired was started on Gandhi Jayanthi, 2nd of October 1996. Dr. M. Manickam, Vice Chairman and Managing Director, Sakthi Sugars Limited and Mrs. Gowri Manickam together have taken up this initiative for children for whom the school has given a new ray of hope. The unique feature of this school is that teaching is done by oral method wherein importance is given to speech and lip-reading.

Pursuing its distinctive feat of providing care and supportive learning, today the Kasturba Gandhi Oral School is functioning as a dedicated day school for the hearing impaired with 10 teachers and four non-teaching staff. The school also uses a learning software called ‘You can voice’ which supports lip reading in eight regional Indian languages to teach children.

Dr. M. Manickam has provided the “Behind the Ear Model” – hearing aids for 27 students of the school. The school also provides hearing aids to selected set of students every year.

Kasturba Gandhi Memorial De-addiction and Rehabilitation and Research Centre, Coimbatore
Kasturba Gandhi Memorial Siddha Hospital and Research Institute, Varadarajapuram, Coimbatore.

Mahatma Gandhi Museum; Suicide Prevention Counselling Centre; Sakthi Thiranalayam (Sakthi Skills Development Centre)

d. Institutions

Nachimuthu Industrial Association (NIA) and Sakthi foundation runs Schools and Polytechnic colleges.

Scientific inventions in the branch of medicine have brought in much advancement in diagnosing and treating diseases. But ultra modern laboratories and sophisticated hospitals have also made healthcare a costly affair for people with low income and difficult to access for the poor.

e. Healthcare

Making healthcare affordable and reachable even to those who can’t afford the minimum expenditure for healthcare is the objective of Sakthi Foundation. With this resolve, the Foundation has been sponsoring voluntary health services and has been running the following hospitals to provide Quality Healthcare and Medical facilities to the employees of Sakthi Sugars Limited, for their families and to the local rural population.

I. V. M. Kailasam Hospital

VMK is a multi specialty hospital with 150 beds. It was established in the year 1982. Till date more than 1,50,000 patients have underwent treatment at the hospital.

Besides general healthcare the hospital has clinics for gynecology, pediatric, dental, orthopedics and ophthalmology departments. The hospital is well equipped with modern amenities and specialists to offer the best of treatment under each specialty.

Free eye camps and health checkup camps are part of the hospitals welfare initiatives, which are conducted periodically for the benefit of poor patients. Leprosy Hospital & V.M.Kailasam Hospital – Sivaganga
II. Bangladesh Perspective

CSR is a relatively new concept in Bangladesh even as the NGO movement in Bangladesh has prepared the general atmosphere of opinion in its favor. CSR Centre is a major organization dedicated to pursue the deployment of CSR initiatives and programs.

The key areas in which Bangladeshi corporations seem to act with CSR programs involve support to arts and culture, scholarships to students, and relief to victims of disaster. For the sugar industry, however, it seemingly requires much more; indeed it calls for a full range of actions.

The cane growers need corporate support in agricultural technology and farming techniques, general education, health, finance, and social communication.

The promotion of gender equity, in particular requires, interventions in the mill zone villages to help the women get equal and equitable opportunities to participate in production, access to health facilities and education. They need
corporate support in child care and child rearing, including support during pregnancy, lactation and the care of infants.

The workers need help desperately to learn transferable skills, especially since the sugar mills are not expected to offer them a bright future with well paid jobs. The management staff also need help to deal with limited access to modern communication facilities.

While the chief patrons of CSR are normally profit-making corporations, the oddity is that loss-making public corporations in Bangladesh are providing CSR to a certain degree: by keeping jobs that are not tenable through continuous losses. The profitable importers and refiners are yet to come on board and fulfill their social responsibility.

The CSR pages of Bangladesh’s leading sugar refineries’ websites are found to be empty.

**III. Pakistan Perspective**

In Pakistan, several multinationals are regularly producing their environmental reports in line with their global commitment and policy. These reports, however, mostly contain positive impacts and company actions and not the negative ones. Some local firms from the carpet industry, sporting goods industry and surgical industry are also partnering with government agencies, NGOs and UN agencies to further their social and economic goals and report them periodically. In particular, these firms are improving labour standards, protecting biodiversity, and providing health facilities to numerous local communities in Pakistan.

World Wildlife Fund (WWF) took an initiative in association with ACCA Pakistan in May 2002, under the title of Pakistan Environmental Reporting Awards, to promote environmental reporting in national and international companies operating in the country. As a principle, PERA (Pacific Employment Relations Association) does not provide any particular guidelines of its own. Rather, it promotes the GRI guidelines.
There is a progressive trend in environmental reporting as shown under the PERA scheme which received eight reports in the first year, 18 in the second and 12 in the third year. These reports show varying degrees of thoroughness, objectivity, transparency and clarity. Their formats also vary and social and economic dimensions of corporate sustainability are not very distinct.

Many specialized organizations are now working to sell the idea of CSR reporting to corporations in Pakistan. CSR Pakistan, Global Compact Pakistan, Responsible Business Initiative (RBI) and the Pakistan Centre for Philanthropy (PCP) are some organizations which are promoting social and environmental responsibility reporting in the country.

In general, the multinationals and big national companies have been reporting so far. Most of the businesses that fall in SME category and the industrial sectors have not learnt the concept yet.

The Cleaner Production Institute, which is the research and development organization in the non-governmental sector and works to enhance the competitive ability of industry, has partnered with more than 500 industrial units in the paper, textiles, leather and sugar sectors, through implementation of environmental and energy technologies, certifications and reporting etc.

On the other side:

Sugar production is Pakistan’s second largest industry, employing over 750,000 people, and sugarcane is one of Pakistan’s most important cash crops. On July 3, 2012, a Pakistan-based organization, the Sustainable Development Policy Institute (SDPI), released a report titled “The State of Corporate Social Responsibility (CSR) in Pakistan- An Illustrative Example of Sugar production.” CSR in Pakistan is an evolving concept. In order for it to fully crystallize in the country, much needs to change legally, culturally, and strategically in terms of business models and practices.

The report’s focus on CSR in Pakistan’s sugar industry demonstrates the following:
1 CSR practices need to be further standardised, while also tailored to Pakistan’s local context.

2 Many consumers of refined sugar are unaware of whether the process of sugar production is fair or not. However, members of the local public are interested in ensuring CSR practice in Pakistan. This suggests that CSR is a marginalized discourse in Pakistan that needs to be widened.

3 Managers of sugar mills are largely unaware of the CSR, conflating it with philanthropy, or laws that regulate working hours and child labor. Yet most managers reached a consensus that CSR practices need to be introduced.

4 Numerous barriers to the implementation of CSR into Pakistan exist. Some of these include: political instability, a lack of public awareness of CSR (and by extension- a lack of demand for CSR among consumers), and a lack of mechanisms to monitor or audit practices and the treatment of workers in sugar mills.

5 Currently no laws are being implemented to ensure ethical practices in sugar mills. For example, if a mill fails to pay a farmer, the farmer can move the Provincial Cane Commissioner against non-payment by the mill, yet no mechanism exists to implement this verdict. If a farmer does manage to move the case to a civil judge or magistrate, by virtue of the proceedings falling under civil suit, the matter is prolonged for years. Also, mills regularly delay payments to farmers and no laws exist to regulate or curb the duration of the delay.

**Shakarganj awaded the 2008 Intel-AIM Corporate Social Responsibility Award**

Shakarganj Food Products Limited (SFPL) is a subsidiary of Shakarganj Mills Limited – a pioneer in sugar business in Pakistan

With combined experience of over 40 years in the sugar and food industry, Shakarganj knows what it takes to deliver high-quality goods.
From HACCP certification, ISO 9000 and Kosher Certification, the products meet customer’s demand in every sense of the word. Shakarganj’s customers know exactly where its products are coming from and the suppliers know where their product is going.

For the efforts undertaken towards the community, Shakarganj received the 2008 Intel-AIM Corporate Social Responsibility Award and was the first Pakistani company to receive this prestigious distinction.”
Gaps in the Current CSR Environment in Sugar Industry

I. Transparency in Cane weighment system

Generally, sugar mills follow a very clear system of transparent weighment systems when the cane arrives in their yard. In spite of this transparent system, some of the farmers do express their apprehension about the weighment process and this is a common complaint across these three countries. In some of the districts in North India, a system of satellite cane polling centres is in vogue. The sugarcane procurement through agents is prevalent in parts of India and Pakistan, wherein the local villagers bring in their cane in bullock carts and deliver to the agents, who in turn pool the stock together in trucks and send it to the sugar mill, which may be located very far away from those satellite pooling stations. The weighment is done either using weigh bridges in the highways or traditional methods for the smaller quantities, which invariably lead to objections and dissatisfaction among the farmers.

Farmer associations, NGOs and Unions operating in the sugar mill area may take the responsibility to educate the ignorant farmers and clear their doubts through the right channel.

In India, the sugar mills have been permitted by law to deduct 1% of the total weight towards the green leaves used to tie the cane bundles. Invariably, the cane delivered at the yard contains almost 2-4% of non-cane material like, dry leaf trash, dead cane sticks, shoot tips which are devoid of any sugar and other extraneous materials. These non-cane materials do not contribute any sugar and
also take away (absorb) the sugar from the matured cane during crushing stage and end up as bagasse, adding to the loss as non-recoverable sugar.

II. Deductions in Pakistan

The government charges a cess on procurement of sugarcane by factories. Its rate is notified for every season. Farmers and the mills are required to equally share this but usually farmers are made to pay it in full. The tax is supposed to be spent on building of farm to factory roads.

There are two other important deductions that do not appear in documents. Their rate depends on the supply situation during a particular season. If the supply is abundant and the farmers are under pressure of selling their produce, the deduction rate is high, otherwise it is low. The first deduction is done in the name of quality of sugarcane. The purchase staff of the factory determines the recovery rate of the cane, that is how much sugar can be extracted from a certain quantity of sugarcane. The factory purchase staff does this through the physical examination of a load of sugarcane. No scientific procedure giving accurate measures is used. The farmers cannot challenge the staff’s assessment.

In case of a dispute, the factory can refuse to purchase which can ruin the choiceless farmer. The recovery rate assessment is not documented as it does not enjoy legal cover. The staff instead proportionately lowers the weight of purchased cane while documenting it. For example, they can tell a farmer that recovery rate of your cane variety is only 7 percent and offer to pay for 85 kg against every 100 kg weighed. During the sugarcane peak production seasons, they do not even ‘assess’ the recovery rate and will issue an intent to a farmer who agrees to be paid for far less weight than actually weighed on scale. During the 2007-08 season, as the sugarcane production peaked, there were farmers who were paid for only half of the weight of their produce.

Mechanised harvesting, being a non-selective process, delivers cane in the form of billets and the current level of trash non-cane % is more than 6% of the total weight. If the blower in the harvesters is not effective enough, the non-cane % can be as much as 12% in some loads. Though the individual farmer and the transporter may benefit from high non-cane weight, the loss of sugar and
consequent poor rate of recovery in the mill will affect everyone in the link. In the future, mechanised harvesters are going to be the mainstay of the industry and solutions are to be found to tackle the issue of high non-cane material percentage (could be as much as 12% in worse case scenario as experienced in India currently), at this nascent stage itself.

III. Cane transport and spillage enroute – who foots the bill?

It is a common sight to see, when one travels through the villages on the roads leading to a sugar mill, heaps of sugarcane sticks – in tonnes lying split on the road, getting crushed under the wheels of the traffic. It could be from an over loaded or loosely tied tractor or truck or due to break down of vehicles. Most of the time, the spilt cane is collected and reloaded, if the quantity is huge. Very rarely, the sugar mills are informed about this spillage and wastage by the transporters, who are arranged and paid by the mill. Ultimately, it is the farmer who suffers loss, as he is paid only for the tonnage delivered at the cane yard of the sugar mill. Very rarely, the farmers accompany the vehicles to the mill. Otherwise this avoidable loss to the farmer goes totally unnoticed. The communication process to make alternate arrangements to minimise the loss is to be taken care of by all concerned.

IV. Delayed payment to the farmers – mounting arrears

In India, Sugar control order clearly specifies that the sugar mills need to make the payment for the sugarcane supplied in 14 days time from the date of supply to the farmer. While many sugar mills follow this scrupulously, quite a few sugar mills across INDIA?, invariably delay the payment from 3 to 6 months period, rarely beyond this period as well. Almost Rs.10,000 crores is the arrears cumulatively pending, to be paid to the cane growers by the sugar mills across the country, which is delayed for more than 3-6 months period, as of 2012 March.

In Pakistan after weighing the produce, a farmer is issued the cane procurement receipt (CPR), which carries written details of weight of sugarcane and the payable amount after deduction of sugarcane cess. CPR issued by a factory is treated as a cheque by the bank. But this process is not as simple. Factories normally give the farmer 15 to 20 days time for encashment of the CPR but banks don’t get advice from the factory for weeks and even months. A delay
of one to two months is considered normal. However, there are thousands of farmers every season running from pillar to post in government offices to get their outstanding amounts from mills. Factories normally don’t pay timely in sugarcane boom seasons but are quicker in seasons when the cane supply is short.

The delay in payment by the mills frequently makes news and officials and politicians issue statements but the situation remains always the same.

The delayed cane payment is another reason for the farmers in Pakistan and Bangladesh to opt for agents (who may pay less than the prescribed cane price, but pay in cash on delivery). These agents may sell the same cane at a higher price to the sugar mills or may altogether divert the cane to Gur sugar making units, thus depriving the local sugar millers, who would have extended crop loan to those farmers and hoping for assured cane supply as per their original estimate for the season.

V. Command Area concept in India & Zoning and de-zoning in Pakistan

The Command area or Zone concept, which was the prevalent practice during the pre-independence days, has evoked mixed responses over the years and was given up by Pakistan back in the 70s. Whereas in India, this is scrupulously followed as a statutory obligation in Southern parts of India, for its own betterment and sustained supply of cane in a disciplined manner, but practiced more in defiance in the Northern states. Bangladesh continues to keep the rule, but more in abeyance.

In Pakistan, the reserved area laws were amended in 1980s when the new industrial aspirants opposed them. Zoning ceased to exist due to the low capacity of sugar industry. This zoning was “100% fair” according to managers; beneficial for both the farmers and millers. With regard to zoning, the farmers had a different take than the managers. They believed that if zones were developed again they will further be dependent on a single mill and hence probability of their exploitation will increase. This law provided sustained monopoly by the
old industrial class, according to a farmer’s report. Traditional gur makers were seen as ‘villains’ of sugar sector. Raids were done in villages and punishments were assigned to those found guilty of making gur from their own or purchased sugarcane usually confiscating the gur making machines.

VI. Living conditions and other safety norms for migrant cane harvesting labour gangs

Migrant cane harvesting labourers, lead almost a nomadic life,, travelling hundreds of kilometres from their native villages but the accommodation provided to them in their work place, the un-hygienic and unsafe, living and working conditions, remain pathetic over the years and shows the apathy shown to their lot by the farmers and the mills, with very few exceptions, across the country. They are left to either in open sheds or open air under plastic tents or thatches,, with very few basic amenities around, be it water, toilet, hygiene, or safety. small children, aged less than 7-8, playing around in the fields, where their parents are toiling with sugarcane harvesting, is a common sight- hardly an environment for their primary learning and formal education. It is a common sight in India and the plight of these cane harvesting labourers are no different in Pakistan or Bangladesh. Poor living conditions tend drive the subsequent generation to go in search of greener pastures, mostly in urban areas, which is evidenced by the dwindling number of youth in the agricultural operations and the poor productivity of the available labourers who are aged.

Few mills do provide well supported canvass sheds, provide drinking water in tanks, have doctors to visit labourers periodically, provide entertainment in the evenings by showing movies in their language, etc., but these are very few.
VII. Crop Insurance schemes and Insurance schemes for Farm labourers and migrant labour

Most of the farmers, avail crop insurance schemes when they opt for funding from banks or other financial institutions such as cooperative societies, across the country. But they seldom get their dues in full, when there is a damage to their crop or loss of income due to vagaries of nature. The awareness among the farmers about the Insurance schemes needs to be improved and the mills need to support effectively and help their farmers to tide over the difficult situations.

It is heartening and encouraging to see many companies arranging group insurance schemes for their migrant labourers, particularly in Maharashtra and Tamil Nadu. This is to be ideally followed scrupulously and implemented with all its seriousness in all the mills across the country as a mandatory requirement. Government authorities, ISMA, PSMA and the CSOs have to usher in the new era, in the lives of farm labourers, who do not have any other means to fall back on when there is a loss of life or livelihood.

Efforts have been made to bring more farmers under the fold of crop insurance by introducing a Weather-based Crop Insurance Scheme (WBCIS) from the kharif, 2007 season in selected areas on a pilot basis. WBCIS is intended to provide insurance protection to the farmers against adverse weather incidence, such as deficit and excess rainfall, high or low temperature, humidity, etc. which are deemed to adversely impact crop production. It has the advantage of settling claims within the shortest possible time. Apart from Agricultural Insurance Company (AIC) of India Ltd. few private insurance companies with experience in rural insurance and possessing good infrastructure have been allowed to undertake pilot WBCIS. Since the Kharif 2007 season, 13 million farmers have been covered under the scheme.
VIII. Delayed cane harvesting

Sugarcane crop matures in about 11-12 months period, (few districts in UP, India and Pakistan, go through a prolonged maturity period of 18 months due to cold climatic conditions). Even though, the Sugar Control Order, 1969 in India, and National sugar policy 2009-2010 Guidelines of Pakistan clearly state the allowable deductions and payment terms for sugarcane supplied to the mills, quite a few mills tend to ignore the same and delay the harvest as well as the payment.

Most of the sugar factories in these 3 countries clamour for the available ever shrinking work force and in that process, if a particular sugar mill does not manage to get adequate labourers to harvest cane in a season, the delayed and staggered harvesting not only affect the smooth operation of the factory, but also, affect the cane growers severely. When the cane is not harvested in time, the matured cane start loosing its weight in the field and the farmer has to pay interest for the additional extended period at a higher rate to the financial institutions which extended the crop loans, which will not be compensated by the sugarmill. Moreover, their financial plans go haywire, forcing them to either avail additional loan from local money lenders to meet their unavoidable needs or forego the opportunity of? Harvesting labourers tend to demand higher wages per tonne of cane harvested if it is over aged. Delayed harvest means delayed subsequent ratoon cropping and the farmer is caught in this vicious cycle and ends up harvesting only two crops in about three years period. This situation thwarts the advantages of growing cane completely - financial security? and buy-back guarantee.

Bangladesh experience similar but with slight differences thanks to the system of cutting order issue from the factory in an arbitrary manner and preferential treatment for big farmers as evidenced in some of the mills in Pakistan.

While better planning by the factory management in mobilising the cane harvesting labourers in time will relieve the pressure for the short term, a permanent solution
will arrive only in the form of switching over to mechanized harvesting. The sugar mills should come forward to invest in combined cane harvesters, which cost easily about Rs. 2 crores apiece and motivate the cane growers to adopt latest planting techniques suitable for mechanised harvesting and incentives to expedite the process. Many sugar mills in Maharashtra, Karnataka and Tamil Nadu have taken up this exercise very seriously and have even encouraged local entrepreneurs to buy harvesters and engage them with financial guarantees with good returns. Mechanised harvesting has many advantages: timely harvest at less cost/MT, save time in harvesting and uniform and better regrowth in the subsequent ratoon crop. Leaf trash is shredded by the harvesters in the process, adding valuable organic matter back into the field and factories too enjoy the benefit of cane supply as per their requirement in a regulated manner.

Depending on the size, one harvester can harvest up to 200-300 MT a day (about 6-10 acres) and a 3000 TCD (tonnes crushed per day) mill would require at least 10-12 harvesters to meet out about 50% of their daily harvest.

**IX. ENVIRONMENT MANAGEMENT AT FACTORIES:**

The main emissions from sugar processing and refining result primarily from the combustion of bagasse (the fiber residue of sugar cane), fuel oil or coal. Other emission sources include juice fermentation units, evaporators and sulfitation units. Approximately 5.5 kilograms of fly ash per metric ton (kg/t) of cane processed (or 4,500 mg/m$^3$ of fly ash) are present in the flue gases from the combustion of bagasse. Sugar manufacturing effluents typically have biochemical oxygen demand (BOD) of 1,700–6,600 milligrams per liter (mg/l) in untreated effluent from cane processing; chemical oxygen demand (COD) of 2,300–8,000 mg/l from cane processing; total suspended solids of up to 5,000mg/l; and high ammonium content. The wastewater may contain pathogens from contaminated materials or production processes. A sugar mill often generates odor and dust, which need to be controlled. Most of the solid wastes can be processed into other products and by-products. In some cases, pesticides may be present in the sugar cane rinse liquids.
a) Pollution Prevention and Control

Good pollution prevention practices in sugar manufacturing focus on the following areas:

- Reduce product losses to less than 10% by better production control. Perform sugar auditing.
- Discourage spraying of molasses on the ground for disposal.
- Minimize storage time for juice and other intermediate products to reduce product losses and discharge of product into the wastewater stream.
- Give preference to less polluting clarification processes such as those using bentonite instead of sulfite for the manufacture of white sugar.
- Collect waste product for use in other industries—for example, bagasse for use in paper mills and as fuel. Cogeneration systems for large sugar mills generating electricity for sale.
- Optimize the use of water and cleaning chemicals. Procure cane washed in the field. Prefer the use of dry cleaning methods.
- Recirculate cooling waters.

Continuous sampling and measurement of key production parameters allow production losses to be identified and reduced, thus reducing the waste load. Fermentation processes and juice handling are the main sources of leakage. Odor problems can usually be prevented with good hygiene and storage practices.

b) Target Pollution Loads

Since the pollutants generated by the industry are largely losses in production,, improvements in production efficiency are recommended to reduce pollutant loads. Approximately 90% of the saccharose should be accounted for, and 85% of the sucrose can be recovered. Recirculation of water should be maximized. Wastewater loads can be reduced to at least 1.3 m3/t of cane processed, and plant operators should aim at rates of 0.9 m3/t or less through recirculation of wastewater.

The guidelines are expressed as concentrations to facilitate monitoring. Dilution of emissions or effluents to achieve these guidelines is unacceptable. All of the
maximum levels should be achieved for at least 95% of the time that the plant or unit is operating, to be calculated as a proportion of annual operating hours.

c) Emissions

Particulate matter and sulfur oxide emissions should be less than 100 milligrams per normal cubic meter (mg/Nm3). In some cases, emissions of particulate matter may be up to 150 mg/Nm3 for small mills with less than 8.7 megawatts (MW) heat input to the boiler, and emissions of sulfur oxides may be up to 2,000 mg/ Nm3. Nitrogen oxide emissions should be less than 260 nanograms per joule (ng/J), or 750 mg/Nm3 for solid fuels and 130 ng/J (460 mg/Nm3) for liquid fuels. Odor controls should be implemented wherever necessary to achieve acceptable odor quality for nearby residents.

As per the statutory requirement, every sugar mill is required to equip themselves with Effluent Treatment Plants (ETP) with adequate capacity and maintain the record of its day-to-day functioning and the prescribed parameters like COD, BOD, quantum of effluent handled, quantum of co-agulant lime added, pH level of the incoming and outgoing treated effluent water, etc. Being an Industry which handles only bio-degradable organic matter as the main constituent in its effluent, sugar mills set up facilities and also install adequate handling systems for the floor and machinery wash, which may contain grease and other oily substances that tend to increase the level of pollutants to be handled by the ETP. The treated water is normally used for the factory owned sugarcane farms located around the factory premises and also let out into the open spaces earmarked for this purpose for natural percolation and evaporation. It is often reported that, at times, when the ETP is down due to some technical reasons or overloaded, the untreated or partially treated effluent is let out in the open streams nearby, which emanates foul smell and render the water useless for the downstream users. This is one of the common complaints or feedback received from the local community, which affect them directly and deprive them of their water resource, for no fault of theirs.

In the same way, particularly during rainy season, when the soil is saturated with adequate moisture, the water stagnating in the open ground or organic manure composting yard tend to over flow and find its way into the nearby streams or percolate down into the aquifers and pollute the nearby wells, again emanating foul odour and rendering the water unusable for domestic purposes.
Both these activities infuriates the local public against the sugar mill management and so must be avoided in all respects. Sugar mills should maintain their ETP system in the best working condition possible all the time and should not allow any polluted water to escape from their plant, without treatment. The organic manure compost making yards must be built with concrete floor to avoid percolation into the ground water.

Monitoring of emissions should be on an annual basis, with continuous monitoring of the fuel used. Only fuels with acceptable levels of ash and sulfur should be used. Monitoring of the final effluent for the parameters listed in this document should be carried out at least daily, or more frequently if the flows vary significantly. Effluents should be sampled annually to ensure that biocides are not present at significant levels. Monitoring data should be analyzed and reviewed at regular intervals and compared with the operating standards so that any necessary corrective actions can be taken. Records of monitoring results should be kept in an acceptable format. The results should be reported to the responsible authorities and relevant parties, as required.

Sugar mills need to conduct appropriate preventive maintenance of their systems and avoid air pollution and keep their environment clean. NGOs operating with the local community will be able to play a major role in keeping these under check, with continuous monitoring and reporting to the respective authorities, whether it is the sugar mill or the Government regulatory bodies and other institutions, to put an end to such socially irresponsible and negligent acts.

**d) Liquid Effluents**

The effluent levels presented in the table below should be achieved. Biocides should not be present above detection levels or should be less than 0.05 mg/l.

Effluents from sugar manufacturing (milligrams per liter, except for pH and temperature)
<table>
<thead>
<tr>
<th>Parameter</th>
<th>Maximum value</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH</td>
<td>6-9</td>
</tr>
<tr>
<td>BOD</td>
<td>50</td>
</tr>
<tr>
<td>COD</td>
<td>250</td>
</tr>
<tr>
<td>TSS</td>
<td>50</td>
</tr>
<tr>
<td>Oil and Grease</td>
<td>10</td>
</tr>
<tr>
<td>Total Nitrogen (NH4-N)</td>
<td>10</td>
</tr>
<tr>
<td>Total Phosphorus</td>
<td>2</td>
</tr>
<tr>
<td>Temperature increase</td>
<td>&lt;3 deg C</td>
</tr>
</tbody>
</table>

Note: Effluent requirements are for direct discharge to surface waters.

e) Ambient Noise

Noise abatement measures should achieve either the levels given below or a maximum increase in background levels of 3 decibels (measured on the A scale) [dB(A)]. Measurements are to be taken at noise receptors located outside the project property boundary.

<table>
<thead>
<tr>
<th>Receptor</th>
<th>Maximum allowable log equivalent (hourly measurements) in dB(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DAY (07:00 -22:00)</td>
</tr>
<tr>
<td>Residential, Institutions &amp; Educational</td>
<td>55</td>
</tr>
<tr>
<td>Industrial, commercial</td>
<td>70</td>
</tr>
</tbody>
</table>

While most of the well managed sugar mills fall under under private corporations or farmer co-operative societies, most of the sugar mills operated by the State are in dire straits, still managing with out-dated technologies and contributing to environmental degradation. Almost all the sugar mills in Bangladesh are in dilapidated condition and some of the sugar mills under private management reeling under financial crisis are no different.
f) Water usage by the sugar mills

Sugar mills as a routine draw water either from underground aquifers or nearby water channels or rivers to cater to their needs in the sugar manufacturing and cleaning processes on a daily basis. Even the lowest estimate would put this number to about 1-2 lakh litres of water utilized by the factory of a normal size in India (3000 TCD). Ironically, sugarcane when brought into the factory contains more than 70% water by weight and this water normally gets evaporated in the sugar manufacturing process. Most mills do have good recovery mechanism to recycle this water for further processing. The efficiency of this process is to be improved to the level of no water withdrawal from external sources and the sugar factory should be able to supply potable water, as a bi-product from its sugar manufacturing process.

X. Social Issues:

Sustainability in the Bangladesh sugar sector

The government run sugar industry in Bangladesh has not prove to be successful. The production cost of sugar in the mills is internationally uncompetitive, and hence the industry has become a significant drain on the public purse, with a high opportunity cost (in terms of other budgetary needs) which means that associated livelihoods are ultimately unlikely to be sustainable.

BSFIC data shows that the mills in Bangladesh have been making losses consistently since at least the beginning of the 1990s. Future production by BSFIC mills is under threat because of these continuous losses and also reduced sugarcane production.

Bangladesh sugar imports (1990-2009)
CSR in Sugar Industry - Compendium for South Asian Countries

It appears that the Government has maintained the mills through subsidization for two reasons.

Firstly, to support agricultural livelihoods - because two million people are directly involved in sugar production and another three million people are involved indirectly. This is a matter of concern given that so many jobs depend on a sector which is fundamentally unsustainable and has an uncertain future.

The second reason for maintaining these mills is because during Ramadan, BSFIC floods the market with much of its stock, in order to prevent over-heating of prices of an essential commodity at a time when sugar consumption increases greatly. This is probably not the most efficient way for the Government to prevent overheating of prices.

The Government could achieve the same outcome with price controls or by importing white sugar and releasing it onto the market at Ramadan time, thereby saving on the subsidies required to keep the sector alive, and freeing up the government budget for other purposes. The ongoing subsidization of BSFIC sugar is increasingly recognized as being unsustainable, and the government is now in the process of privatizing several of the mills. The question as to whether Bangladesh could produce sugar competitively if the industry was run efficiently, or whether it would be more efficient to simply import sugar continues to be debated within Bangladesh.

The domestic industry has been maintained artificially in order to create rural livelihoods, but it is not clear whether the removal of state involvement would actually result in an end to the industry and the loss of associated livelihoods.

It could be that a privately run industry would generate more sustainable livelihoods. Even if it did not, it may be that there are other crops that could be grown instead, in which Bangladesh could be internationally competitive, which would be an alternative source of livelihoods in rural areas, resulting in a net benefit to the country if resources that are currently being used inefficiently to produce sugar were diverted to more efficient production of other crops.
This suggests that the state should disengage from sugar production, allowing the private sector to take over if internationally competitive domestic production is viable. If not, the state should allow resources to be diverted to sectors that have better growth prospects.

**Alienation of local community – cane transporting vehicles, double trailers, over loaded trucks, public nuisance value and dangerous**

Topping the list of various routine activities of sugar mills which alienate the local community from them, are the cane transporting vehicles coming to the mills throughout the day with their noise and dust pollution which gets particularly worse when there is a break down or excess cane arrival in the cane yard. The factory should plan their cane arrival well and regulate it at the field level itself.

**Bagasse, coal and wood chip stock yards in the factory premises**

Another major issue regularly reported in the vicinity of almost all the sugar mills is the rampant air pollution (dust) flying out from the fuel stock yard. Thousands of tonnes of bagasse (baled or unbaled), coal powder, shredded bio fuel chips are normally stocked in every single factory at any point of time in open spaces. The high amount of tiny dust particles in the air, pose a serious health hazard for every one working and living nearby and needs to be managed on priority if the mills want to keep the local community happy. Coal heaps if not monitored and watered regularly, can pose a high risk of fire.

Eye irritation, asthma and continuous sneezing / allergic reactions are associated health hazards commonly noticed in the vicinity of the factory premises.
Voice of the Stakeholders of Sugar Industry: We Heard them Out!!

Stakeholders are the group of people who are directly or indirectly affected by the organisation’s activities, products or services and have an ability to influence the company’s strategies and its objectives. Such stakeholders include shareholders, financiers, employees, suppliers, consumers, local communities, NGOs etc. Majority of the stakeholders have financial interest in the company and they are concerned about how the directors manage the company’s environmental, social and governance (ESG) risks and their effect on corporate financial viability.

The sustainable development of an organisation or an industry is the culmination of the contributions made towards the growth and success of the organisation by all its stakeholders on a day to day basis and the reciprocation by the organisation in its own interest. Listening to their voices, on a regular basis keeps the organisation dynamic and vibrant, responsive, responsible and too. This approach

Some of the obvious self regulation and involve all stakeholders in consulting and decision making processes, harmonization of standards and implementation procedures and encourage companies to adopt social and environmental standards.
Bringing together all the stakeholders of sugar industry for first the time under one banner, Prakruthi organized meetings of stakeholders of sugar industry in each country under study - India, Pakistan and Bangladesh.

I. Stakeholders meeting in India:
CSR in Sugar Industry in India – stakeholders meeting held at Trichy on 30th June 2012

Prakruthi Team: Mr.Neelkant, Mr.Koshy and Mr.P. Nagarajan
Author - Researcher – Agri consultant

The Sugar Industry stakeholders’ meeting was held at Hotel Breeze Residency, Trichy on 30th June 2012 with the overwhelming support of 54 enthusiastic participants from three leading sugar companies in South India, EID Parry, Kothari Sugars and Rajshree sugars - with more than 16 sugar mills under their - farmers and support groups, eminent scientists, management officials and field team from sugar companies.

Participants:
Mr.Rangaprasad GM EID Parry (India) Ltd., Pettavaithalai, Trichy, Cane Officers and Farmer training officers from EID Parry Units.; Mr. Antony John Bosco, DGM, and a team of Officials from Kothari sugars & chemicals limited; Mr.Sankaralingam DGM (Operations) and Officials from Rajshree sugars and chemicals ltd. The gala function also graced by the enthusiastic participation by the veteran Farmer Association Leaders, Mr.Rajaram Member - State Agriculture Development council, Leading farmer; Secretary, Cauvery Delta Farmers’ Association, Mr.Ponnusamy Leading Farmer, Pugarlur Sugarcane Farmers’Association Leader, Mrs. Rajeswari Leading Woman Farmer, Panchayat council member, social Activist – Awardee Best Woman Farmer from Tamilnadu State government; and Mr. Ponnan, Leading sugarcane farmer, Trichy . Dr. Balasundaram Director (Rtd) Sugarcane Breeding Institute and Dr. Paneerselvan Head, Sugarcane Research Station (SRS) Sirugamani, Trichy represented the Sugarcane Research Institutes supporting the Industry. The Participation of Mr.K.Manikam Fertilizer & Pesticides Dealer, Sugarcane Harvesting labourers from EID Parry and Kothari - (22 farmers); Sugarcane transport contractors from EID Parry and Kothari (8 contractors); Sugar factory employees from EID Parry and Kothari (12 officers/employees) and Mr. Ramkumar ISO Quality systems Consultant complemented the occasion and made it a grand success.
Mr. Neelkant, setting out the context for the day, gave a detailed account of Prakruthi and its activities, OXFAM Novib, Netherlands and the studies being done on CSR activities of sugar mills in India and other neighbouring countries like Pakistan, Bangladesh and Nepal, done as a part of the ongoing program with Solidaridad – Better Sugar Initiative, BSI and SANSAR.

Mr. P. Nagarajan, Researcher and Freelance Consultant, who conducted this study on CSR in Indian Sugar Industry, made a detailed presentation, giving a sketch of the study – “The Sweet Responsibility – CSR issues in Indian Sugar Industry”. The presentation was followed by the formal release of the book by Mr. Neelkant Prakruthi and was received by Mr. Rajaram.

**Highlights of the study on CSR activities in Indian Sugar Industry.**

Being one of the oldest industries set up in the rural pockets of the country, the industry, has been practising CSR activities in the name of philanthropy and community services for decades; mainly providing primary and secondary level educational support, running hospitals, building community centres, etc.,

Skill development and empowerment of weaker sections got added to the growing list of activities with the several big corporate houses coming in, with a focus on holistic sustained development and delivering its responsibilities in the areas of socio, economic and environmental issues. Globalisation has ushered in the systemic approach to CSR activities across the country.

The Government of India issued Voluntary Guidelines for CSR in 2009 and is planning to make it mandatory for all the Industries, to spend minimum 2% of their annual profit towards the CSR activities.

Going beyond the boundaries of its own local community, the sugar industry is expected to deliver its responsibilities towards the environment and socio-economic development of its stakeholders – farmers, farm labourers, employees, shareholders and the consumers – customers and the benchmark practices are available, right within. The list is long – be it installing / employing latest technologies to improve energy usage and better efficiency; educating the farmers and ensuring environmental sustainability in the sugarcane farms and regulating its own processes to reduce and eliminate its contribution to
environmental pollution. NGOs/CSOs have a larger role to play in the entire spectrum of CSR activities and the sustainability of sugar industry in India.

Sugar industry has been contributing towards the rural economic development and energy requirements of the country in a small way and has, the potential to grow vigorously and flourish, with the active support and policy changes from the Government - in the areas of regulated market to de-control, sugar pricing mechanism and levy, support for paradigm shift in the farming practices – Mechanised farming, etc and enable the Sugar Industry to metamorphosis' itself into power houses of the nation.

This was followed by a speech by Mr. Rangaprasad, who dwelt at length on the subject of responsibilities of the all stakeholders in the sugar industry. The forum was thrown open for discussions and the participants enthusiastically shared their opinions, concerns and also suggested various measures to help improve the CSR environment in sugar industry.

**Points raised, Shared and discussed during the meeting:**

Cane price and conversion margin for farmers over last 10 years – poor return and stagnating at the same level for the past 5 years, in spite of sugarcane price having been hiked to 200% level, thanks to the high inputs costs and labour wages.

Availability of farm labourers – acute shortage situation and unaffordable labour wages

NREGA work force to be made available for private farm work – Kerala statemodel, but not available in other states

Sugar mills to devise schemes to consolidate small farms for large scale mechanisation, without jeopardising the ownership of the land of the individual small farmers.

Government to allow free sugar export, especially in the excess production season without any control, to maximise price realisation and return.
Government to encourage and enforce 5% mandatory Ethanol blending with Petrol, so as to enable better price realisation for sugar in the open market for both factory and farmers, clean energy for the Environment, etc.

Farmers are to be exposed and trained in latest agricultural techniques by sugarmills like, drip irrigation and mechanisation, etc., in order to improve their productivity and profit.

Possibility of sustained high sugarcane production with the adequate supply of organic manure and chemical fertilization. Sugar mills should supply composted organic manure manufactured out of press mud at a nominal rate to its registered cane growers.

Crop Insurance schemes to be made farmer friendly and the Sugar mills are expected to make all efforts possible to facilitate timely payment of crop insurance claims from the insurance companies during distress situations. Crop Insurance schemes to be built on a platform of local weather conditions, pest and disease situations, etc., rather than relying on district level parameters, which may not be applicable to the local conditions prevailing.

Sugarcane Research Institutions to work towards developing new varieties, best suited for the local conditions and work with the sugar mills closely to quickly propagate the new varieties and technologies to the farmers to improve productivity.

Production and release of bio-control agents to control sugarcane pests by the farmer – entrepreneurs with the financial, technical and marketing support of sugar mills - a laudable project of Tamil Nadu Sugar mills should be taken to all sugar mills across the country, as this helps avoid chemical pesticide usage in sugarcane and allied crops.

Sugar mills to focus more and help improve the living conditions of migrant sugarcane harvesting labourers – to provide proper accommodation, health care, entertainment facilities, etc. Suggested to create a sugarcane harvesting labour welfare fund to help and support the migrant labourers and their families in times of need.
Sugar Mills to focus on reducing chemical usage in the sugar manufacturing process and work towards effectively managing the carbon footprints by their pollution causing activities.

Sugar mills to transform themselves into energy producers for the country, which would not only ensure sustainability of the Industry as a whole but also provide adequate financial security for the raw material suppliers – the core farmers and the local community. The clean renewable energy produced by the sugar mills with sugarcane bagasse and molasses will help improve the environment.

The gathering welcomed the Indian Government’s initiative towards making CSR activities mandatory with the allocation of 2% of the annual profit made by the companies.

II. Stakeholders meeting in Pakistan:
‘Consultative Meeting on the State of Corporate Social Responsibility in Pakistan- An Illustrative Example of Sugar Production’ was conducted on July 3, 2012, Chaired by Mr. Jahangir Khan Tareen, Eminent Politician and Entrepreneur

Speakers
Shaista Sohail, Joint Secretary, Ministry of Industries and Production
Shaista Bano, Director, Competition Commission of Pakistan
Iskander M Khan, Ex-officio Member PSMA
Muhammad Imran, Director, CSR Center Pakistan
Dr. Abid Suleri, Executive Director, SDPI
Qasim Ali Shah, Director Program Development, SDPI
Anam A Khan, Research Associate, SDPI

The purpose of consultative meeting was to highlight the state of CSR, existing dynamics of CSR and barriers to its implementation in Pakistan. The meeting also aimed to launch two research reports conducted by Sustainable Development Policy Institute (SDPI):
Dr. Abid Suleri, set out three major questions confronting CSR in Pakistan. While sharing his views on the state of CSR in Pakistan he asserted that the funds allocated for CSR, especially in para-state agencies, are often criticized but even a small amount that is for peoples’ welfare is of much worth. The second issue raised by Dr. Abid was that enterprises hold the incentive of applying CSR strategies to benefit from branding and advertising instead of genuinely wanting to help the society. Furthermore, he stressed that the subject of CSR often being confused with the concept of philanthropy was a major concern. The speaker then added that such issues can be addressed by following successful examples of similar countries. He recommended that “the adoption of triple-P approach (People, Profit & Prosperity), in corporate businesses can be very helpful”.

Mr. Qasim Ali Shah enlightened the participants about the launch of a regional network on CSR - “South Asian Network on Sustainability and Responsibility” (SANSAR). The network was founded by NGOs from four countries in the region: India, Bangladesh & Afghanistan. Explaining future prospects of the network Mr. Shah said that “we are trying to connect the SANSAR Secretariat with SAARC Secretariat”. He also added that the network will expand both nationally and regionally in the coming years.

Mr. Shafqat Munir, speaking on “South Asian Perspective on CSR”, admitted that South-Asia is not on the same plane on the matter of CSR as is Europe or other developed regions. Mr. Munir also talked about the benefits linked with CSR: “With the implementation of CSR, growth of industry increases which will ultimately lead to the increase in people’s profitability”. He further said “we are now at that stage of development where businesses should start to think about people”. While giving recommendations regarding original and complete implementation of CSR in Pakistan, Mr. Munir emphasized that “actual implementation of CSR will require the Government, private sector and civil society to work together for the betterment of peoples’ progress, where civil society will work as pitching point between Government and private sector”. He added that South Asia needs to do more work on CSR as it will help the entire region to progress and pull out from poverty circle.
Afterwards, Ms. Anam Khan shared the findings of the research report: “Corporate Social Responsibility: Studying the Sugar Production Process in Pakistan”. While sharing her views on existing dynamics of CSR in the sugar sector of Pakistan she said that “most of the people in sugar industry are not even aware of the term “CSR””. Also, only exporting mills care for such concepts while the rest consider it unimportant”. The speaker explained that CSR covers environmental, social, economic and corporate governance. Highlighting the importance of sugar industry in the agricultural economy of Pakistan, she stated that “the farming community is being exploited by some sugar mill owners in the form of fixation of crop rates at low level, illegal deductions, restriction to the market and unjust buying terms and conditions”. However, it was pointed that some mills are providing facilities such as schools, dispensaries, fair price outlets for employees’.

While mentioning other problems of the sugar industry in Pakistan, Ms. Khan stated “data on sugar industry is not being collected effectively and thus does not show the complete picture, which is one of the greatest hindrances in betterment process of this sector. Ms. Khan also touched upon the involvement of middlemen at various levels of production and distribution of sugar as a major inefficiency of the system. She also set out to the audience the environmental issues in the sugar production sector and recommended some policy adjustments as well as stressed upon the importance of civil society and corporate sector in implementing and promoting CSR.

Mr. Jahangir Tareen shared his personal experiences in applying CSR strategies for the welfare of community. He talked about two successful stages of various CSR initiatives which helped improving social welfare alongside improving the business. At first stage farmers were provided micro credit and long term loans. Mr. Tareen also elaborated that “the objective behind long term loan was to empower the farmers in water resources”. “While to effectively gain social benefit, provision of efficient health facilities and access to education was targeted at second stage”. While sharing the success stories as a result of such CSR initiatives, he said that “CSR has developed the sense of more responsibility and volunteering and sincerity among employees towards their work”. Speaking on the topic of ‘Governance and CSR’, Ms. Shaista Sohail, said that CSR is the means by which a business takes account of its economic, social and environmental
impact in the way it operates and in such a way that maximizes the benefits and minimizes the downsides. In a broader context, CSR is the business contribution to sustainable development goals (SDG’s).

However, the economic policies that boosted industrialization also had some negative effects, particularly promotion of socio-economic disparities. For example, there were 3,000 individual firms in Pakistan, but majority of the wealth was concentrated in a very small group of business units. Seven firms or individuals owned 25% of all private industrial assets in United Pakistan and twenty-four units represented nearly 50% of all private industrial assets. In 1970, there were 44 monopoly houses that controlled 77% of the gross fixed assets of all manufacturing companies on the Karachi Stock Exchange. These houses owned 7 of the 17 banks in the country and were responsible for 60% of total deposits and 50% of total loans and advances.

Ms. Shaista Sohail was of the opinion that the notorious nationalization process that took place in the country and that has been considered particularly damaging to institutions and businesses in Pakistan occurred particularly because of the aforementioned economic disparities and concentration of wealth in a few hands. She was of the view that CSR, if implemented by the private sector in that era, could have given industry a better image and removed the need for nationalization.

Ms. Shaista Sohail stated that in recent years, industry best practices and policies in relation to CSR were being acknowledged and implemented by many parties in the private sector. She stated the use of waste and rubbish for energy generation being implemented by some companies in the cement industry as examples. She further explained that the sugar industry in the country had a lot of potential for use of by-products for energy generation - power produced from biogases and production of ethanol from molasses. This would enable the industries to work in a green and sustainable manner while cutting down costs.

Ms. Shaista Bano, while taking up the topic of “Regulating Business” said that “Competition law is very important for business having direct and indirect impact on the consumers”. While elaborating the various aspects of the law, Ms. Bano said “this law protects the consumers, it restricts the cartels and check
mergers and alongside, also controls deceptive practices”. While concluding her presentation she said that compliance with any rule and laws should be priority of every corporate entity and moreover, there is a need to check the steps taken by different CSR organizations.

Mr. Muhammad Imran, while sharing his views on “CSR and Philanthropy: The Difference” clarified the difference between these two. The expert explained how CSR is three dimensional: economic, social and environment. Furthermore, he stated that CSR must be part of core business strategy and it affects the community while philanthropy deals only with social activities, a single person can take decision in it and it affects a particular group only. PSMA’s role in CSR was discussed by Mr. Iskander M Khan. He said that “sugar industry is the most confused industry in Pakistan”. Further he explained that in Pakistan weight, not the quality, determines the price of sugarcane. “We are working on ancient laws while living in 2012”, he added. While giving concluding remarks regarding sugar industry in Pakistan, Mr. Iskander said that in Pakistan there are many sugar mills. There is no need to make new ones, improving the existing ones is the need of the hour. Ms. Shaista Sohail viewed that “public sector is hindered by lobbying in Pakistan that’s why it is unable to contribute effectively towards implementation of CSR”. Mr. Shafqat Munir concluded the session with the remark that “resources belong to nation/communities and it is the responsibility of all businesses to give in return to the community they are extracting from”.

III. Stakeholders meeting in Bangladesh:

The stakeholders meeting in Bangladesh organized by CSR Centre on 26th June 2012 also saw the launch of a study titled ‘Challenges in Sustainability and Corporate Social Responsibility: The Sugar Industry in Bangladesh’ which analysed the challenges to the sustainability of the sugar industry in Bangladesh and the scope of CSR to strengthen it. The CSR Centre of Bangladesh in partnership with Prakruthi and funded by Oxfam Novib conducted this study.

The launching ceremony of the study was held on 26th June, 2012 in hotel RIGS INN. Ms. Shahamin S. Zaman, CEO of the CSR Centre greeted everyone and welcomed the panel speaker Ms. Veena Khaleque Country Director, Practical Action and Mr. Abu Bakr, COO of United Sugar Mills, Meghna Group of Industries. Participants from Ministry of Agriculture, CPD, Abdul Monem
After a concise introduction of the CSR Centre Ms. Zaman shared the objective of the regional sugar study and also mentioned that similar study and dissemination process is also going on in India and Pakistan. During the field visits to sugar mills in Bangladesh by Ms. Samia Ahmed, various challenges were discovered that the sector is facing and her study provides recommendations on how to overcome these challenges.

**Highlights of Ms. Samia Ahmed’s presentation:**

- The objective of the study was to identify the challenges to sustainability of the sugar sector and to discover options for deploying CSR instruments for its revitalization and improved sustainability.

- The research gave an overview of global perspective as well as regional perspective of the sugar industry in order to understand the supply, demand and price setting, which were necessary to relate these issues to the Bangladeshi sugar industry.

- Poor recovery rate, high production cost, poor yield of cane, delay in payment to farmers, lack of working capital, low market price, lack of high yield variety of sugarcane are the challenges that the sector is currently facing forcing the sugar industry in Bangladesh to rely on sugar import.

- As the domestic consumption increases in Bangladesh with the growing population, there is a need to identify and implement alternative solutions for
engaging private sector with the public sector enterprises so that a sustainable and healthy sugar industry can emerge in Bangladesh.

Mr. Abu Bakr, COO of United Sugar Mills, Meghna Group of Industries highlighted the issues that the sugar sector in Bangladesh is facing. The issues that he mentioned were as follows:

- The sugar industry has sufficient knowledge about the modern technology that needs to be applied during the production process but the machinery are not upgraded.

- The sugarcane needs to wait 12-15 months to reap the financial benefit of one cultivation cycle. However, to overcome the financial constraint the farmers are shifting to vegetable production.

- New initiatives are required to meet the demand as Bangladesh Sugar and Food Industries Corporation (BSFIC) is unable to meet the demand of the whole population. However the government initiative of PPP and Privatization has become unsuccessful as the initiative of PPP faced resistance from the private sector and one of the two privatized mill has switched to refinery and other one had to shut down. Therefore, the government needs to invest a lot to increase the production of sugar in country.

Besides the above mentioned issues, he also stated few initiatives that the government needs to adopt for the sustainability of the sector. These are as follows:

- Machineries in the sugar industries need to be upgraded.

- Sugar recovery rate and per yield sugar production needs to be increased.

Mr. Shoyeb- Portfolio analyst of Abdul Monem Sugar Refinery Ltd. pointed out during the open discussion that the attitude of policy makers need to be changed towards the sugar refineries as they are directly employing 4000 people and are contributing to the country’s economy.
Process of Transformation – Way Forward

I. Need of the hour: Paradigm shift towards CSR

The Indian model of CSR commenced with philanthropy, which was primarily driven by religious sentiments, family traditions and voluntary contributions. With the change in the business environment and increase in Foreign Direct Investment (FDIs) in the liberalization period, the philanthropy model started getting integrated into strategic thinking. “Companies realized that merely by just doing ‘good’ and donating money to social initiatives implied a waste of shareholder’s money. In the new market economy this arrangement is not sustainable in the long run and shareholders will quickly lose interest if their money does not give them tangible results”. Companies realized that corporate success does not only depend on traditional CSR but management of the local environment, communities, appropriate infrastructure development, training of employees, co-operation with local suppliers, development of quality institutions and so on.

“Understand industry as a means to serve the interests of our larger communities, then obviously it must be driven by values where CSR is not an activity that is to be undertaken if & when there is profit, but a compulsory business process” - Mr. Bill Gates, Microsoft.
II. Come together: Involve all stakeholders:

The sugar industry has had the tradition of self regulated CSR activities for long, to cater to the needs of local community, in the fields of health and education primarily and ensure compliance of Government regulation with regard to various laws. They have to shift from this self designed, self regulated CSR approach to multi-stakeholders approach if the sustainable development of the business, society and environment is what they mean to focus on.

The stakeholders approach involves all stakeholders in the CSR dialogues, discussions and decision making and in implementation processes as well. It is important to bear in mind the difference between internal CSR, where workers, shareholders and investors are the beneficiaries, and external CSR, where suppliers, communities, civil society groups, other institutions are the main beneficiaries. Internal and external CSR should be complementary to achieve the sustainable development of CSR policies. In India, a substantial number of companies have set up their own trusts, foundations or centres to coordinate and implement community development projects. Thus the notion of trusteeship introduced by Mahatma Gandhi remains a prominent feature of the Indian CSR agenda. Indian companies see community development projects as giving back some of their profits to society.

III. Transparency in implementation and reporting of CSR activities

Lack of transparency in implementation and reporting of CSR activities by the corporate sector especially the sugar mills in the semi - urban or rural sector, is one of the key issues which keep many of the external stakeholders away from participation. In quiet a few cases, even the employees are kept in dark about the CSR activities being done by the corporate office or the local administration. Unless every single stakeholder in the business is involved right from the project conceiving stage to planning and implementation phase, the program is bound to collapse, as they may end up working with cross purposes. Moreover, when the employees are particularly involved in the planning process and implementation stage, their commitment is total and they tend see this as their own responsibility.
The awareness of the CSR concept will bring the hidden problems to fore front, be it the high chemical usage within the factory in effluent treatment plants, or spillage from the evaporators going down the drain, causing capital loss and also polluting the environment. When the employee happens to be the local community member as well, he becomes the spokesman for the company in his own community meetings with lot more confidence and gets absolute participation, cooperation and support of the community as a whole. He will also become a whistle blower when something goes wrong, as he becomes answerable to the society as the representative of the organisation.

Transparency at every stage will make members of the stakeholder group much more confident to garner support from the customers and the external agencies, as they happen to be the face of the organisation in the world outside the factory premises.

Voluntary and transparent reporting in the annual reports not only enforces commitment to the process but also ensures support from the investors and the board of directors, who would like to be associated with an organisation that stands up with its head high. Everyone would like to partner a successful good cause.

Linking up with the local civic bodies or government departments becomes lot more easier with this reporting, as they tend to invite the organisation as a partner to their social welfare projects, thanks to the experience and trustworthiness created in their mind due to fair transparent reporting.

**IV. Commit yourself**

Companies in India have recently begun to focus on improving energy efficiency even though the motivating factor behind this effort is financial benefit on account of cost savings. The energy sector being the single largest source of greenhouse gas emissions, it is believed to have the greatest potential for development of mitigation options which would also serve as viable business practices.
Suggested CSR strategy to labor intensive companies in emerging countries:

(Prof. Dr. Michael Hopkins is CEO and Chairman of MHC International Ltd. & CEO of the CSR and Financial Institute, www.csrfi.com.)

It depends on whether those companies are mainly for export or mainly internal. For the former group, rich countries are demanding higher and higher labor standards from emerging country suppliers for increasing consumer demands of social responsibility. On the other hand, developing countries argue that increased standards mean increased costs and lower export possibilities. I would suggest, therefore, that emerging market export-orientated companies meet the new demands half-way i.e. they start a process to improve their labour standards over a specified time such as a decade. The argument is valid that rich countries didn’t care much about labour standards when they were developing and so clearly double standards exist. Dialogue, transparency and compromise are all tools in the company armoury and can be used. The World Trade Organisation is the ultimate arbiter but they, too, have somewhat avoided the issue relying on guidance from the ILO who, in turn, ask for guidance back!

For domestically producing companies they can proceed even more slowly. However, they must be careful not to be caught out by citizens in emerging markets demanding increased social responsibility. So saying, and I follow ILO standards in this regard, the worst forms of exploitation are inexcusable such as children working in dangerous industries, forced labour, exploitation of women who cannot defend themselves, child and female trafficking for prostitution etc.

However, there is light on the horizon, India’s rich democratic heritage and relatively open press all lead to open discussion and will force abuse into smaller and smaller areas. CSR without democracy and free press is unlikely to lead to rapid change, higher incomes and an improved income distribution. We all watch China, where these latter conditions rarely exist, and we hope for democratic change there since without it, India and other progressive countries will romp home!
V. Sustainability Issues: Conserving natural resources and maintaining environmental balance

Stop burning 50-70 Million tonnes of sugarcane leaf trash every year:

It is a common sight to see, when one travels through the roads traversing the sugarcane cultivated villages in any of the states in India, Pakistan or Bangladesh heaps of dry leaves of sugarcane on the roadside burning, bellowing dark smoke up in the sky. It could be from the de-trashing, removal of dry leaves while the crop is in about 3-5 months stage after planting or dry leaf trash discarded and raked out of the field, immediately after harvesting.

On an average, one acre plot would have about 4-6 MT of leaf trash, at the time of harvesting and de-trashing in the early crop stages yield another 1-2 tonnes of dry leaf trash from one acre area. While burnt in the field, the soil temperature goes up as high as 400+ degree centigrade – leading to burning out whatever organic matter available in the top soil, killing all soil microbes and physical structure of the top soil tilth, are completely spoiled. The 20-30% yield reduction in the subsequent ratoon crop is mostly associated with this burning of trash after harvest in the field, as the cane stubs are also damaged due to this burning, which would otherwise sprout and produce more crop.

Dry leaf trash can be shredded into pieces with trash shredders commonly available across the country now. We are talking about 50-70 Million Tonnes of sugarcane trash being burnt from 5.0 Million Ha area cultivated with sugarcane and harvested every year in India. It is a national waste and environmentally disastrous to allow this practice to continue, when the land productivity of the whole country is coming down with one of the main reasons being depletion of organic carbon in the soil.

Sugar mills need to play pivotal role in stemming this practice by making the cane farmers aware of the loss they suffer due to this burning, consequent damage to their soil and yield reduction in the subsequent ratoon crop. Quite a few sugar mills in Maharashtra, Karnataka and Tamil Nadu have realised the advantages of shredding this leaf trash and putting it back into the soil by using tractor drawn trash shredders, which hardly costs about Rs .2,000 per acre and is completed
in flat two hours time. In their own interest to maintain the yield levels in the field now and in the future and also to avoid air pollution caused by their own raw material suppliers, the sugar mills should make this practice mandatory and encourage more and more farmers to adopt this, by deploying adequate number of trash shredders in their command area and also by incentivising the practice through subsidy. Farmers can be encouraged and trained to incorporate the trash collected in 3-5 months back into the soil with minimal labour. Mechanical devices are available for wide row spaced planting.

Continuous trash shredding after harvesting and retaining the organic matter in the soil has been found to increase the yield by 4-10 MT per acre, improve water holding capacity, reduce weed growth, improve soil tilth and enable field to withstand drought conditions better too. The biggest benefit is no more air pollution and the sugar industry would have done an environmentally responsible activity, as its share.

**VI. Crop Rotation:**

In their zeal to augment as much cane as possible to ensure regular supply,, most of the sugar mills tend to ignore the practice of sugarcane farmers growing sugarcane continuously year after year. Agricultural scientists as well as experienced farmers recommend regular crop rotation at least once in 4-5 years, to avoid depletion of specific nutrients in the soil, to avoid severe pest and disease incidence thanks to the entrenchment of pest population in the field without a break and also improve land productivity.

Growing short term crops like paddy, wheat, maize, leguminous crops, etc. will not only help maintain the nutrient balance in the soil, but also ensure the soil and the local ecosystem is free from the entrenchment of few specific pest population and disease causing micro-organisms in the soil. For example, flooding of soil with water for paddy cultivation as rotation, ensures elimination of most of the soil borne pathogenic fungus and bacteria specific to sugarcane.

Sugar mills have the onus to educate the farmers in order to protect the farmers’ sustained income from the fields.
VII. Environmental sustainability – degradation of soil due to indiscriminate application of chemical fertilizers and neglecting organic matter content of the soil:

Soil is a living entity, teeming with billions of microbes, playing their own contributory role in the ecosystem and ensuring the sustainability of their own microcosm. But for the presence of micro-organisms, whether it is in soil, water, atmosphere, human body and all animate or inanimate things in the environment, the life will come to a standstill. Urbanisation in the last three decades, migration of farm labourers to other industries away from the villages, dwindling cattle population in the villages and consequent non-availability of cow dung, FYM, etc., which led to the failing land productivity, have forced the farmers to resort to rampant and discriminate usage of chemical fertilizers in their fields in order to maintain and improve the yield.

It is imperative to replenish the organic carbon in the soil by addition of adequate quantity of organic matter in the form of organic manure, as a regular practice in addition to the chemical fertilizer application to get the total benefit from their application. Sugar mills have been playing yeoman service in this environmentally sustainable process by returning back all the press mud – processed and unprocessed - to the soil after sugar manufacturing. Not only the private and co-op sugar mills, but also the big corporate have understood the need to conserve the soil health for the present and for the future and have invested in enriching the raw press mud with bio-fertilizers, composting and delivering it to the farms at cost price, sometimes even at the subsidized price. This enables the cane farmers to maintain organic status of their farm lands with minimal cost and effort.

VIII. Conserving Water – A precious natural resource:

Sugarcane is known to be cultivated in well irrigated condition across the country. Very few would be aware of the fact that to produce one metric tonne of sugarcane, a farmer utilizes about 200-250 Metric tonnes of water in his field,. In other words, each acre of sugarcane field is irrigated with about 1 crore litres of water per year to produce 30-40 metric tonnes of sugarcane. Agricultural scientists across the world and within the country have proved beyond doubt, time and again, this precious natural resource can be responsibly utilized with less than half of this colossal quantity. India cultivates sugarcane over 10 Million acres area and 1 crore litres
One would be amused to note that quite a few farmers in states where free electricity is provided to the farmers for irrigation, tend to let the pumps run as long as power is there and flood the field.- an irresponsible act on the part of the farmers, largely due to ignorance, wasting both water and electricity. Not many farmers know the fact that continuous flood irrigation of crop, whether it is sugarcane or any other crops, results in top soil hardening, lead to leaching of nutrients, yield reduction due to poor root zone aeration and many more deleterious consequences.

Responsible utilisation of water for irrigation is the need of the hour. The Indian Government provides almost 75%-100% as subsidy. The sugar mills have to play a pivotal role in educating the farmers about the benefits of micro irrigation,, help them with the choice and identification of right system and the supplier,, arrange finance, extend additional subsidy for infrastructure or incentive for the crop harvested from these micro irrigation installed plots, maintenance, help the farmers to get the subsidy from the government authorities, etc.
Comprehensive list of CSR activities – Roles, Responsibilities and Benchmark Practices for the Sugar Mills

To the Farmer – THE BACKBONE OF SUGAR INDUSTRY

1. Educate the farmer about the latest crop production technologies
   a. To improve yield per unit area
   b. To reduce cost of production
   c. To save water
   d. Effective use of bio control agents to avoid pest and disease incidence
   e. Crop rotation and soil nutrient management
2. Provide good quality seeds, which yield good crop as well as sugar recovery
3. Provide appropriate and adequate financial support thru banks, other institutions
4. Harvest the crop in time and transport the same without any wastage
   • Ensure transparency in the distribution of sugarcane cutting orders since the co-operative sugar mills in both India (especially in UP) and Bangladesh are alleged to give preference to large and influential farmers in issuing sugarcane crop cutting orders, thus forcing the small farmers either to wait for a longer time to supply sugarcane to the sugar mills or sell sugarcane to khandtsari / gur units at a lower price. (NABARD 2010)
5. Help mechanise every single agricultural activity
6. Make timely payment and offer good price for the cane supplied
7. Train him to be an entrepreneur and do sugarcane farming in profitable manner
8. Provide him organic manure at nominal price and enrich soil for sustained cropping.
9. Create opportunity for the progressive farmers to visit other sugar growing areas/states/ outside the country.
10. Arrange scientific seminars and interactive sessions for the farmers, with Agricultural Scientists
11. Arrange and provide Crop Insurance and personal insurance
12. Facilitate Human Resource development platform for the farmers and his family members.
13. Encourage Organic farming and enlist their support for environmental protection.
14. Reward the responsible progressive and exemplary farmer.
15. Identify and introduce new technologies like
   a. satellite based Weather monitoring and forecasting
   b. GPS for better land use and management
   c. GIS based system for Water resources identification
   d. GIS- satellite based crop monitoring system
16. Encourage the farmer associations
17. Ensure transparency in cane accounting and payment
18. Ensure transparency in cane weighment system and deductions
19. Plan, propose and support Watershed projects with govt authorities

To the Farm labourers / Harvesting migrant labourers: - THE BLOOD LIFELINE
1. Standardize and Ensure right wages payment
2. Provide safe, clean and comfortable accommodation for the migrant labourers and their family members and educate / motivate the farmers to support them
3. Eliminate child labour / facilitate crèche facilities / informal education programs for their children
4. Provide potable drinking water and medical facilities
5. Arrange Insurance for the entire migrant family members
6. Support them to settle in the new environment and make them feel at home and happy
7. Provide entertainment opportunities
8. Provide First AID box in the field and train them (gang leaders/supervisors) to use properly
9. Arrange safe transportation, when they shift from one field to other field
10. Incentivise their function and keep them motivated and reward the best performers.
11. Help them integrate with the local population
12. Institute Labour Welfare fund and meet contingency requirements

To the Local community – THE AIR, THE MILL BREATHE IN
1. Integrate with the local community, by providing employment and business opportunities (ancillary units)
2. Create opportunities for regular interaction with the local community representatives
3. Ensure the factory operations create value for the local public and does not cause any discomfort for their peaceful existence.
4. Avoid pollution in any form – air, noise or water due to..
   a. Bagasse /coal stock yard, ETP, ground water pollution from manure yard etc.
5. Build basic infra-structure wherever required like
   a. Schools, Hospitals, community Halls, old age homes, orphanages, etc.
   b. Give preference for the local community
   c. Approach roads
   d. Scholarships for the poor students
   e. Awards for the best performers
   f. Create opportunity for the extra-curricular activities
   g. Support arts and sports activities
   h. First aid and ambulance service for the local public
6. Actively participate in the local functions and celebrations
7. Arrange training for the Women Self Help groups and empowerment programs
8. Training centres for the progressive students – bank exam, civil services exam. Coaching centres
9. Play ground and in-door game facilities for the community
10. Support the Civic authorities in their activities
11. Build houses for the homeless poor
12. Respond to their grievances positively and sympathetically
13. Empathize with their needs
14. Involve the local NGOs and associate with them for all the societal interactions
15. Create awareness – celebrate Environment day, Safety week, etc., with pomp.

To the Employees: THE LIMBS
1. Be the true leader and keep the team motivated with full confidence, trust and security
2. Keep the factory environment safe and hygienic place to work in
3. Train them regularly to perform their functions better and enrich their knowledge and grow
4. Create opportunities to air their views, grievances – build trust
5. Form and support the employees associations, unions and interact regularly
6. Arrange for family welfare programs, women empowerment programs for their spouses and wards

To the Environment: THE HEART
1. Conserve the Resources and utilize them responsibly
2. Improve performance to produce with less
3. Recycle, save and conserve the resources – water, soil, energy and
4. Work towards clean environment – use non-conventional renewable energy sources like solar energy, etc.
5. Support and implement reforestation programs – local and beyond the command area
6. Simplify the operations and save energy and other Natural Resources - Be a model entity

**To the Society and the Investors: THE SOUL**

1. Perform responsibly and ensure sustainability in every action performed in the mill
2. Implement Quality systems and Standards in the operation for efficient performance
3. Communicate the Vision and the goals, including CSR objectives in clear terms to all the employees
4. Ensure the Ethical values and beliefs are followed scrupulously by the system
5. Produce quality products, worthy of their value and customers requirements and expectations
6. Be a responsible employer and keep the Company attractive destination for employment for all the prospective employees.
7. Manage the business well and build investor confidence in the business and sustainability
8. Comply with all the Government statutory / Regulatory requirements and go beyond
9. Plan the business functions with future perspective
10. Operate with global business perspective in mind

**With the CSOs: EYES, NOSE AND EARS OF THE WHOLE SYSTEM**

1. Understand, support and work together with the NSOs, who are the eyes, ears and nose of the entire system
2. CSOs can be of help in identifying the needs of the Society and help disseminate the ideas, be a conduit for the CSR functions and bring in much needed link with all sections of the Society, Employees’ families, rest of the stakeholders, who may not have direct access to the Sugar mill management
3. CSOs need to be demanding as well as co-operative, particularly when they happen to the representatives of the Farmer Associations, Employees Unions, un-organised farm labourers and local community.

4. CSOs have to play the roles of Integrator of the stakeholders, be a devil’s advocate at times and also be the whistle blower for the entire system

**Corporate Management Team: THE BRAIN**

1. Identifying measures to overcome the problem of high cost of conversion of sugarcane into sugar, particularly in co-operative and public sector sugar factories.

2. Improve infrastructure and upgrade the factories with latest technologies, not only to bring down the cost of the production of Sugar, but also to augment the deliverables and become a net contributor to the Society and the Investors – provide Power to the Nation by Cogeneration using bagasse, produce Ethanol – clean energy source, and lesser usage of chemicals in the manufacturing processes and avoid polluting the environment.

3. Co-ordinate all stakeholders and develop an Advisory committee comprising all stakeholders to help govern, critically analyse and give feedback and inputs for better management of the business and sustain the growth.

4. Good Corporate Governance with appropriate self regulatory mechanisms – Audit systems and compliance with International Standards

5. Business decisions to go beyond the Customers’ needs and profit generation, to meet out the responsibilities towards the Society and the Environment.

**The Customers : THE LIFE**

1. Customers are the God, who give Life and meaning for the existence of the business.

2. Success and sustenance of the business will be the resultant factors of their satisfaction and Happiness.
CSR Implementation Process for Start Ups

CSR initiatives shall consider the following parameters for identification/selection of schemes/projects:

- Thrust is to be given, wherever possible, to areas related to the natural corollary of the business.
- Investment in CSR shall be project-based. Mere donations to philanthropic/charity or other organizations would not come under the category of CSR. CSR activities shall generate community goodwill, create social impact and visibility.
- For every project, the time-frame and periodic milestones is to be finalized at the outset.
- CSR activities shall also involve the suppliers in order to ensure that the supply-chain also follows the CSR principles.
- CSR activities shall help in building a positive image of the company in the public perception.
- CSR activities may be related to United Nations Global Compact Programme on Environment.
- CSR projects may be closely linked with the principles of sustainable development, based on the immediate and long term social and environmental consequences of their activities.
• The Corporate shall shoulder responsibility for restoring / compensating for any ecological damage that is taking place as a result of its operations.
• Ensure gender sensitivity, skill enhancement, entrepreneurship development and employment generation by co-creating value with local institutions/people.
• Public-Private Partnership with the Government could also be encouraged to leverage the strengths in Disaster Management.

Project activities identified under CSR shall be implemented by specialized agencies and not by the company staff. Specialized agencies could be made to work independently or in tandem with other agencies. Such specialized agencies would include:-

Community based organizations, whether formal or informal; elected local bodies such as Panchayats; voluntary agencies (NGOs); institutes/academic organizations; trusts, missions; self-help groups; Government, semi-government and autonomous organizations; contracted agencies for civil works; professional consultancy organizations, etc.

Create awareness among all levels of their staff about CSR activities and the integration of social processes with business processes. Those involved with the undertaking of CSR activities shall be provided with adequate training and re-orientation.

Link up with the initiatives of state governments, district administration, local administration, self-help groups, etc., and synergize with the initiatives taken.

While assigning CSR projects to specialized agencies, every possible effort should be made to verify the reliability and clean track record of such agencies. Make efforts to prepare suitable panels of such agencies or they may select from panels maintained by government, semi-government, autonomous organization or the National CSR Hub etc.

Activities related to sustainable development will form a significant element of the initiatives of CSR. Such activities shall come under the UN Global Compact Principles pertaining to the Environment given as under:

• Support a precautionary approach to environmental challenges;
• Undertake initiatives to promote greater environmental responsibility;
• Encourage the development and diffusion of environmentally friendly technologies.
• Ensure Documentation as per the Environmental Management System ISO 14001.

Financial resource:
• Allocate adequate fund for the CSR project undertaken for each financial year, which will not lapse and the unspent sum should be accumulated for the subsequent year expenditure.
• Individual Departments / Offices shall be allocated CSR budgets to be spent by them under the Annual CSR Budget allocations by Chairman & Managing Director as per requirement. The Human Resource Department at Projects / Corporate Office shall be coordinator for CSR activities. Corporate Head and Head of Projects for Projects shall approve the annual plan after vetting by the concerned Finance Division.

Baseline Survey & Documentation
• The impact made by CSR activities shall be quantified to the best possible extent with reference to base line data, before the start of any project. Hence Base-line Surveys are mandatory.
• Meticulous documentation relating to CSR approaches, policies, programmes, expenditures, procurement, etc., shall be prepared and put in the public domain, (particularly through the internet) and made available to the National CSR Hub.

Monitoring
• The company shall include a separate paragraph/ chapter in the Annual Report on the implementation of CSR activities/ projects including the facts relating to physical and financial progress.
• For proper and periodic monitoring of CSR activities, appoint a CSR committee or social Audit Committee or a suitable, credible external agency.
• CSR projects is to be evaluated by an independent external agency. This evaluation should be both concurrent and final.
CSR - International Standards and Guidelines, Audit and Certification

For long, International Standards have been promulgated for various Industries across the globe, concerning Enterprise development, Corporate Governance, Human rights, etc. In addition to them, in the recent past, certain indicators and CSR guidelines such as the SA8000, a social performance standard based on International Labour Organization Conventions have been developed. International agencies such as United Nations and the Organization for Economic Co-operation and Development have developed compacts, declarations, guidelines, principles and other instruments that set the tone for social norms for organisations, though these are advisory for organisations and not mandatory.

**International CSR Standards and Guidelines:**

- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy
- OECD Guidelines for Multinational Enterprises
- UN Global Compact
- The Universal Declaration of Human Rights
I. ILO tripartite declaration of principles concerning multinational enterprises and social policy:

The ILO is the first specialized agency of the UN in 1946. It is the only “tripartite” United Nations agency, bringing together representatives of governments, employers and workers to shape policies and programmes jointly.

The main areas covered by the Declaration are:

- General policies (obey national laws and respect international standards)
- Employment (employment promotion; equality of opportunity and treatment; security of employment)
- Training (policy development for vocational training, skills formation)
- Conditions of Work and Life (wages, benefits, conditions of work; minimum age; safety and health)
- Industrial Relations (freedom of association and right to organize; collective bargaining; consultation; grievances; settlement of disputes).

II. OECD guidelines for multinational enterprises:

The OECD MNE Guidelines are subscribed to by all thirty members of the Organization for Economic Co-operation and Development (OECD). A further ten non-member countries (Argentina, Brazil, Chile, Egypt, Estonia, Israel, Latvia, Lithuania, Romania, and Slovenia) have also adhered to the Guidelines. Four additional applications for adherence are currently under consideration by the OECD. The Business and Industry Advisory Committee (BIAC) and the Trade Union Advisory Committee (TUAC) were involved in their development and endorse the Guidelines. OECD Watch, a coalition of more than 65 civil society organizations, also supports the Guidelines. The Guidelines have been referenced by the UN Security Council and other interested non-OECD bodies.

The Guidelines comprise a set of voluntary recommendations in all the major areas of corporate citizenship, including employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation. They form part of a broader OECD investment instrument, the Declaration on International Investment and Multinational Enterprises, which is designed to
promote direct investment and international economic development and growth. Implementation of the Guidelines involves a unique combination of binding and voluntary element. Adhering governments commit to promote them among multinational enterprises operating in or from their territories.

III. UN Global Compact:

UN Secretary-General, one of the principal organs of the United Nations, with support from UN agencies, governments, and representatives of business, labour and other civil society bodies. It accepts new adherents on an ongoing basis from all major categories of societal actors. The UN Global Compact has been recognized on a number of occasions by the UN General Assembly, as well as by all Heads of States and Governments in the UN World Summit Outcome document (2005) and the G8.

The UN Global Compact has two broad goals. These are to mainstream ten core principles relating to human rights, labour standards, the environment, and anti-corruption in business activities around the world; and to catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs). A voluntary initiative, it is not a code of conduct. It offers “a policy framework for organizing and developing corporate sustainability strategies while offering a platform – based on universal principles – to encourage innovative initiatives and partnerships with civil society, governments and other stakeholders”. The UN Global Compact invites companies to embrace, support and enact, within their sphere of influence, the following ten principles:

**Human Rights**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

**Labour Standards**

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and


**Environment**

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The UN Global Compact is directed primarily to the business sector, but is a multi-stakeholder initiative and engages all kinds of societal actors, including public agencies, labour and civil society organizations.

**IV. The Universal Declaration of Human Rights:**

The Universal Declaration of Human Rights states that “every individual and organ of society” has the responsibility to strive “to promote respect for these rights and freedoms” and “by progressive measures, national and international, to secure their universal and effective recognition and observance”. As important “organs” of society, businesses have a responsibility to promote worldwide respect for human rights. The ILO Conventions establish norms covering all aspects of working conditions and industrial relations. Some of the most important cover core labour standards (i.e. basic human rights in the workplace). These include the right to freedom of association, the right to organize and to collective bargaining, and freedom from forced labour. ILO conventions are binding on all countries that have ratified them.
ISO 26000:2010

Guidance on social responsibility

ISO 26000:2010 provides guidance to all types of organizations, regardless of their size or location, on:

- concepts, terms and definitions related to social responsibility;
- the background, trends and characteristics of social responsibility;
- principles and practices relating to social responsibility;
- the core subjects and issues of social responsibility;
- integrating, implementing and promoting socially responsible behaviour throughout the organization and, through its policies and practices, within its sphere of influence;
- identifying and engaging with stakeholders; and
- communicating commitments, performance and other information related to social responsibility.

ISO 26000:2010 is intended to assist organizations in contributing to sustainable development. It is intended to encourage them to go beyond legal compliance, recognizing that compliance with law is a fundamental duty of any organization and an essential part of their social responsibility. It is intended to promote common understanding in the field of social responsibility, and to complement other instruments and initiatives for social responsibility, not to replace them.

In applying ISO 26000:2010, it is advisable that an organization take into consideration societal, environmental, legal, cultural, political and organizational diversity, as well as differences in economic conditions, while being consistent with international norms of behaviour.

ISO 26000:2010 is not a management system standard. It is not intended or appropriate for certification purposes or regulatory or contractual use. Any offer to certify, or claims to be certified, to ISO 26000 would be a misrepresentation of the intent and purpose and a misuse of ISO 26000:2010. As ISO 26000:2010 does not contain requirements, any such certification would not be a demonstration of conformity with ISO 26000:2010.
ISO 26000:2010 is intended to provide organizations with guidance concerning social responsibility and can be used as part of public policy activities. However, for the purposes of the Marrakech Agreement establishing the World Trade Organization (WTO), it is not intended to be interpreted as an “international standard”, “guideline” or “recommendation”, nor is it intended to provide a basis for any presumption or finding that a measure is consistent with WTO obligations. Further, it is not intended to provide a basis for legal actions, complaints, defences or other claims in any international, domestic or other proceeding, nor is it intended to be cited as evidence of the evolution of customary international law.

**ISO 9001:2008**

ISO 9001:2008 specifies requirements for a quality management system where an organization needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

All requirements of ISO 9001:2008 are generic and are intended to be applicable to all organizations, regardless of type, size and product provided. Where any requirement(s) of ISO 9001:2008 cannot be applied due to the nature of an organization and its product, this can be considered for exclusion.

**SA 8000 Elements**

A summary of the Standard elements follows:

1. **Child Labor**: No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention 138 developing-country exception; remediation of any child found to be working

2. **Forced Labor**: No forced labor, including prison or debt bondage labor; no lodging of deposits or identity papers by employers or outside recruiters

3. **Health and Safety**: Provide a safe and healthy work environment; take steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and potable water
4. Freedom of Association and Right to Collective Bargaining: Respect the right to form and join trade unions and bargain collectively; where law prohibits these freedoms, facilitate parallel means of association and bargaining

5. Discrimination: No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment

6. Discipline: No corporal punishment, mental or physical coercion or verbal abuse

7. Working Hours: Comply with the applicable law but, in any event, no more than 48 hours per week with at least one day off for every seven day period; voluntary overtime paid at a premium rate and not to exceed 12 hours per week on a regular basis; overtime may be mandatory if part of a collective bargaining agreement

8. Compensation: Wages paid for a standard work week must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families; no disciplinary deductions

9. Management Systems: Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.

ISO 14001:2004

ISO 14001:2004 specifies requirements for an environmental management system to enable an organization to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organization subscribes, and information about significant environmental aspects. It applies to those environmental aspects that the organization identifies as those, which it can control, and those, which it can influence. It does not itself state specific environmental performance criteria.

ISO 14001:2004 is applicable to any organization that wishes to establish, implement, maintain and improve an environmental management system, to assure itself of conformity with its stated environmental policy, and to demonstrate conformity with ISO 14001:2004
**HACCP**

HACCP stands for Hazard Analysis and Critical Control Points. HACCP is an industry-wide effort approved by the scientific community as well as regulatory and industry practitioners. It is a Food Safety methodology that relies on the identification of Critical Control Points (CCP’s) in food production and preparation processes. Closely monitored CCPs will ensure that food is safe for human consumption.

**ISO22000:2005**

ISO 22000 is a generic food safety management system standard. It defines a set of general food safety requirements that apply to all organizations in the food chain. Unlike some standards, ISO 22000 does not follow a prescriptive checklist approach. Instead, it allows an organization to develop a food safety management system that meets the needs of its suppliers and customers. ISO 22000 was published in September 2005, to provide a framework of requirements, and confirm a global approach for an international industry. The standard was developed within ISO by experts from the food industry, along with representatives of specialized international organizations. Additional cooperation came from the Codex Alimentarius Commission, which was established by the United Nations’ Food and Agriculture Organization (FAO) and World Health Organization (WHO) to develop food standards.

**OHSAS 18001 (Occupational Health & Safety Analysis System)**

OHSAS 18001 is an assessment specification for Occupational Health and Safety Management Systems. It was developed in response to the need for companies to meet their health and safety obligations in an efficient manner.

**GMP/WHO GMP (Good Manufacturing Process)**

GMP refers to the Good Manufacturing Practice Regulations promulgated by the US Food and Drug Administration under the authority of the Federal Food, Drug, and Cosmetic Act. These regulations, which have the force of law, require that manufacturers, processors, and packagers of drugs, medical devices, some food, and blood take proactive steps to ensure that their products are safe, pure, and effective. GMP regulations require a quality approach to manufacturing,
enabling companies to minimize or eliminate instances of contamination, mix-ups, and errors. This in turn, protects the consumer from purchasing a product, which is not effective or even dangerous. Failure of firms to comply with GMP regulations can result in very serious consequences including recall, seizure, fines, and jail time.

**Kaizen**

Kaizen is a system that involves every employee - from upper management to the cleaning crew. Everyone is encouraged to come up with small improvement suggestions on a regular basis. This is not a once a month or once a year activity. It is continuous. Japanese Companies, such as Toyota and Canon, a total of 60 to 70 suggestions per employee per Year are written down, shared and implemented.

**Six Sigma**

Six Sigma is a business management strategy, originally developed by Motorola, that today enjoys widespread application in many sectors of industry. Six Sigma seeks to identify and remove the causes of defects and errors in manufacturing and business processes. It uses a set of quality management methods, including statistical methods, and creates a special infrastructure of people within the organization (“Black Belts” etc.) who are experts in these methods. Each Six Sigma project carried out within an organization follows a defined sequence of steps and has quantified financial targets (cost reduction or profit increase).

While these above listed International Quality Standards and Guidelines for CSR systems prescribed by the UN and other voluntary agencies, are in general applicable for the Industries across the world, including the Asian sub-continent, let us look at the scenario in the 3 countries under study.

**CSR Guidelines in India:**

**Corporate Social Responsibility Voluntary Guidelines 2009**

Published by Ministry of Corporate Affairs, Government of India, New Delhi

**Fundamental Principle**

Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of
overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board.

**The CSR Policy should normally cover following core elements:**

1. Care for all Stakeholders:
2. Ethical functioning:
3. Respect for Workers’ Rights and Welfare:
4. Respect for Human Rights:
5. Respect for Environment:
6. Activities for Social and Inclusive Development:

**Implementation Guidance:**

1. The CSR policy of the business entity should provide for an implementation strategy which should include identification of projects/activities, setting measurable physical targets with timeframe, organizational mechanism and responsibilities, time schedules and monitoring. Companies may partner with local authorities, business associations and civil society/non-government organizations. They may influence the supply chain for CSR initiative and motivate employees for voluntary effort for social development. They may evolve a system of need assessment and impact assessment while undertaking CSR activities in a particular area. Independent evaluation may also be undertaken for selected projects/activities from time to time.

2. Companies should allocate specific amount in their budgets for CSR activities. This amount may be related to profits after tax, cost of planned CSR activities or any other suitable parameter.

3. To share experiences and network with other organizations the company should engage with well established and recognized programmes/platforms which encourage responsible business practices and CSR activities. This would help companies to improve on their CSR strategies and effectively project the image of being socially responsible.
4. The companies should disseminate information on CSR policy, activities and progress in a structured manner to all their stakeholders and the public at large through their website, annual reports, and other communication media.

National Foundation for CSR (NFCSR)

Business Responsibility: From Philanthropy to Business Strategy

The National Foundation for CSR would help build an enabling environment for the corporate sector to work in partnership with the Government, Non-Government and Civil Society Organizations, as well as local community organizations for effective contribution to sustainable growth and development.

National Foundation for Corporate Social Responsibility (NFCSR)

Business Responsibility (BR) is a form of self-regulation through which business embraces the tenets of social, economic and environmental responsibilities for its actions. Responsibility focused businesses endeavor to integrate these tenets into their business models and proactively promote public interest by encouraging community growth and development. BR is thus, the deliberate inclusion of public interest into corporate decision-making while focusing on the triple bottom line: people, planet, profit.

The Ministry of Corporate Affairs, has issued National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business. While these are comprehensive and directional, they emphasize business responsibility as a voluntary activity that stems from home-grown indigenous historical experience, where business responsibility has been the defining and unique way of thinking of Indian leaders. The Guidelines also focus on:

- Ethical functioning with accountability and transparency
- Respect for stakeholders’ expectations
- Respect for the environment
- Activities for social and inclusive development
CSR Mandatory in India

Companies Act 2013

On 29 August 2013 the new Companies Bill finally received the President’s assent that made it into a law, thereby replacing the six decade old regulations under the Companies Act, 1956. The Companies Act, 2013 allows for a contemporary legislation for regulation of the corporate sector in India. The Act, amongst other aspects, provides for business friendly corporate regulations, better corporate governance, focus on corporate social responsibility, enhanced disclosure norms, investor protection, etc.

The Companies Act, 2013 will make Indian companies to consciously work towards that objective, as it requires a prescribed class of companies to spend a portion of their profits on CSR activities.

Every company with net worth of Rs 500 crore or more, or turnover of Rs 1,000 crore or more or a net profit of Rs 5 crore or more during any financial year to constitute a CSR Committee of the Board consisting of three or more directors, of which at least one director shall be an independent director

National Voluntary Guidelines

Ministry of Corporate Affairs, Government of India, came out with the ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business’ – NVGs.

The NVG Framework talks about Sustainability. Govt. of India, through the National Voluntary Guidelines wants companies to:

- Give back something to the society
- Be responsible
- Be accountable for its actions and
- Be sustainable in itself and in the environment it operates in.

NVGs are applicable to all businesses operating in India and Indian MNCs operating elsewhere irrespective of sector, size, orientation or ownership.
This provides advantages to the organization such as:

- Improve ability to enhance competitive skills
- Improve company and brand reputation
- Increase ability to attract and retain better talent
- Manage investor and society relationships in a better way.

**PSU GUIDELINES on CORPORATE SOCIAL RESPONSIBILITY for CENTRAL PUBLIC SECTOR ENTERPRISES**

With the rapidly changing corporate environment, more functional autonomy, operational freedom etc., CPSEs today are required to adopt CSR as a strategic tool for sustainable growth. CSR in the present context, means not only investment of funds for social activities but also integration of business processes with social processes.

An Enterprise needs to address the concerns of the society in which the enterprise is operating. There should be free interaction between enterprises and community leaders. In order to address the social needs of the community, viable projects need to be identified to meet its requirements.

**IMPLEMENTATION MODALITIES**

- CSR Activities to be carried out by Specialist Agencies;
- Such activities generally not to be conducted by CPSE employees/staff;
- Specialist Agencies to include NGOs, Institutes, Academic Organizations, Civil Society/Community-based orgns., Trusts, Missions etc., who have requisite expertise.

**SEBI Guidelines**

SEBI, in its circular dated August 13, 2012, mandated inclusion of Business Responsibility Report (BRR) as a part of the Annual Report for top 100 listed entities. This was in-line with the ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)’ as notified by Ministry of Corporate Affairs (MCA), Govt. of India.
While Business Responsibility Reporting is mandatory for all the top 100 listed companies, other companies are encouraged to report as well.

BRR applies to all companies irrespective of the sector and is mandatory to all top 100 listed companies, irrespective of whether it is a holding company or a subsidiary company.

Failure to provide Business Responsibility Report will be construed as non-compliance with Clause-55 of Equity Listing Agreement.

- In India, public sector enterprises (PSEs) are by law mandated to spend 2% of their profits after tax on CSR.

- Parliament, and the Standing Conference of Public Enterprises (SCOPE) and the civil society, in general, have long been demanding a level-playing field between the public and private sectors, whereby spending a prescribed proportion of earnings on social welfare projects and schemes is made binding on the private sector as well.

- The Parliamentary Standing Committee on Finance, headed by the former Finance Minister, Mr Yashwant Sinha, had proposed that companies with a turnover of Rs 1,000 crore or net profit of Rs 5 crore or more should earmark two per cent of their net profit for the preceding three years on CSR, but without specifying what, in their view, would constitute CSR and how the funds allocated should be channelled.

- India Inc has been up in arms against even this bland proposal, insisting that it would mean unwarranted intrusion into its affairs and lead to harassment by vexatious inquiries by government inspectors to verify the mode and extent of compliance with the law. It has been vociferously claiming the right to decide its CSR for itself and according to its own enlightened self-interest and conscience. The last ditch stand by India Inc has been so thorough and effective as to pressure the Government to cave in by giving up the idea of incorporating the Standing Committee’s proposal in the new Companies Bill. The Corporate Affairs Minister, Mr Veerappa Moily, has given the solemn assurance that private corporate bodies need have no apprehension on this score, adding that “Compliance is not mandatory, (only) reporting is”. At least, a step forward.
Laws regarding CSR in Pakistan

There are no laws or government obligations in the knowledge of the mill managers that could be implemented on the sugar industry. Some respondents, however, stated that many laws exist in Pakistan and that good well-structured but the problem remains that these laws are merely to remain in books and are not implemented. The government is not ensuring CSR practice in any form in Pakistan on any level. The debate on CSR has not even begun in Pakistan let alone the implementation of the practice. It was also added that the gap between the international markets and Pakistan will be worsened if the corporate world of Pakistan remains aloof. PSMA recorded that ISO 14000 standard is implemented in the sugar industry as it is a legal requirement for exportation purpose.

ISO - 9000/14000 Certification in Pakistan

On the introduction of the ISO-9000 series of the standards, the specified quality of the products has become a vital issue for all the companies of the country to conduct their business according to the requirements of applicable standards.

In Pakistan PCSIR (Pakistan Council of Scientific and Industrial Research), is the only organization, which is capable of doing quality management work successfully as it has all desired facilities available within its premises in each of the province of the country. PCSIR has over one hundred different types of latest equipments and highly trained manpower to test and evaluate a factory’s raw materials, in process inventories, finished products and the packed products which are to be marketed. The manpower of PCSIR is also capable of doing the Environmental Impact Assessment studies in and around the vicinity, a plant is operating.

The scientists of PCSIR are well aware of the ISO-9000, ISO-14000 and WTO requirements which have introduced new world order for improving the quality of products, services and management systems of the organizations. In this context, PCSIR plan to get ISO-9000 certification and accreditation against ISO-17025. In the very recently under a joint project of MOST & M/O Commerce. Some 500 industries have been examined by PCSIR scientists for the certification and about 250 industries have adopted/received certification for ISO 9000 under the programme.
CSR Reporting Initiatives in Pakistan

In Pakistan, several multinationals are regularly producing their environmental reports in line with their global commitment and policy. These reports however mostly contain positive impacts and company actions and not the negative ones. Some local firms from the carpet industry, sporting goods industry and surgical industry are also partnering with government agencies, NGOs and UN agencies to further their social and economic goals and report them periodically. In particular, these firms are improving labour standards, protecting biodiversity, and providing health facilities to numerous local communities in Pakistan.

World Wildlife Fund (WWF) took an initiative in association with ACCA Pakistan in May 2002 under the title of Pakistan Environmental Reporting Awards to promote Environmental Reporting in national and international companies operating in the country. As a principle, PERA (Pacific Employment Relations Association) does not provide any particular guidelines of its own. Rather, it promotes the GRI guidelines.

There is a progressive trend in environmental reporting as shown under the PERA scheme which received 8 reports in the first year, 18 in the second and 12 in the third year. These reports have a varying degree of thoroughness, objectivity, transparency and clarity. Their formats also vary and social and economic dimensions of corporate sustainability are not very distinct.

Many specialized organizations are now working to sell the idea of CSR reporting to corporations in Pakistan. CSR Pakistan, Global Compact Pakistan, Responsible Business Initiative (RBI) Bansuco (BSI) and the Pakistan Center for Philanthropy (PCP) are some organizations which are promoting social and environmental responsibility reporting in the country.

In general, the multinationals and big national companies have been reporting so far. Most of the businesses that fall in SME category and the industrial sectors have never learnt the concept at all.

CSRB: Corporate Social Responsibility of Bangladesh:

CSR Bangladesh has been launched with private sector start up to facilitate, expand and encourage CSR practice in Bangladesh. Registered as a firm in 2008, the CSRB is a non profit organization and operates under the Societies Act 1860.
What does it do?:

The CSR Bangladesh objective is to become the source of information, resources and advisory services on CSR in Bangladesh.

Scope/Area of CSRB:

Raise CSR Awareness amongst CSR stakeholders
Provide Strategic, structured and systematic tools for CSR practice and adoption
Evaluate, implement and monitor CSR for profit maximization
Good Governance
Establish benchmark for CSR practices

Intertek Awarded Certificates to Compliance Practitioners Initiative Corporate Social Responsibility Auditors in Bangladesh

Intertek Consumer Goods Bangladesh hosted a Compliance Practitioners Initiative (CPI) Corporate Social Responsibility (CSR) Auditor Certificate Conferring Ceremony in Dhaka at the Uttara office on 5 November 2011. A total of 17 participants were qualified as CPI Certified Corporate Social Responsibility Auditors.

Business Social Compliance Initiative (BSCI) promoted by Foreign Trade Association in India, and by other reputed Organisations in Pakistan and Bangladesh, is a business-driven instrument for companies committed to improving working conditions in the global supply chain. It unites hundreds of companies around one common Code of Conduct and methodology, and supports them in their efforts to build an ethical supply chain.

BSCI services

- Monitor - offers a wide range of professional auditing tools to support the implementation of a credible social compliance auditing system in the supply chain. Our database offers over 20,000 audit reports, thus avoiding duplication and saving our members time and money.
• Empower - provides training to support companies and suppliers to meet BSCI’s Code of Conduct, which is based on the most important ILO conventions on workers’ rights.

• Engage - identifies common approaches and build partnerships with local and national partners to find solutions to social compliance and supply chain management issues.

• Support - advises and inform companies on all aspects of BSCI implementation and communication.

BONSUCRO: A NEW SUSTAINABILITY STANDARD FOR SUGAR CANE INDUSTRY (formerly known as Better Sugarcane Initiative)

Bonsucro® formerly known as the Better Sugarcane Initiative, is a multi-stakeholder initiative set up to develop a sustainability standard and certification system with the aim to reduce the environmental and social impacts of sugarcane. Members of Bonsuco include; Asocana, Addax Bioenergy, Azunosa, Bacardi Limited, Bayer Crop Science, BP, Braskem, British Sugar, Cargill, Cevesa, The Coca-Cola Company, Consorcio Azucarero Central, Cosan, EID Parry, ED & F Man, Ethical Sugar, Ferrero, Greenenergy, International Finance Corporation, Kenana Sugar Company LTD, Kraft Foods, Mitr Phol, Neltec Denmark, North Sea Group, Pepsico, Procana, Rabobank, Raízen, Reef Catchments, Renuka, Shell, Solidaridad, Suiker Unie, Syngenta, Tate & Lyle Sugars, Terrain Natural Resource Management, Toyota Tsusho Group, UNICA, Unilever, Union de caneros Guabira and the World Wildlife Fund. For further information and to view the Production Standard, please visit www.Bonsucro.com. Bonsucro is an Associate member of ISEAL.

Bonsucro is a collaboration of sugar retailers, investors, traders, producers and NGOs who are committed to sustainable sugar by establishing principles and criteria that are applied in the sugar growing regions of the world through regionally specific strategies and tools. The BSI aims to reduce the impact of sugarcane production on the environment in measurable ways that will also enable sugar production in a manner that contributes to social and economic benefits for sugar farmers and all others concerned with the sugar supply chain.
Bonsucro (Better Sugar Cane Initiative), working with peer companies, sugar producers and WWF developed the first global metric standard for sustainable sugarcane production. The standard is composed of five principles:

1. Obey the law.
2. Respect human rights and labor standards.
3. Manage input, production and processing efficiencies to enhance sustainability.
4. Actively manage biodiversity and ecosystem services.
5. Continuously improve key areas of the business.

In November 2010, Bonsucro launched its production standard and certification scheme. The standard evaluates more than 40 indicators on the environmental, social and economic impacts of sugarcane production. The Better Sugarcane Initiative (BSI) is focused on sugarcane due to its global prevalence... sugarcane is grown in 103 countries and accounts for 60-70% of sugar production, a figure which is expected to grow as the EU Sugar Regime is reformed and biofuels become prominent on the global market.

Bonsucro’s Production Standard is the world’s first-impact based Standard, it specifically addresses; legal compliance, biodiversity and ecosystem services, labour standards, and continuous improvement throughout the production process. This is assessed against key indicators, such as energy consumption, land use, greenhouse gas emissions and water consumption.

“The Standard is the conclusion of more than five years of collaboration between the world’s biggest sugarcane producers, corporations and influential NGOs. This robust system positions the Bonsuco® Certification System at the forefront of global sustainability metrics and provides a system against which the sustainability of sugarcane derived products can be verified by consumers, companies, governments and NGOs,” said Bonsucro Chairman, Kevin Ogorzalek.

In June, Bonsuco® announced that the world’s first impact based Standard had been used to certify the sustainable production of sugarcane. The sugarcane was produced at a Raízen mill in Sao Paulo, Brazil.
Bonsucro Certification

Today’s consumers want assurance that the products they buy contain ingredients that come from environmentally and socially responsible suppliers. Bonsucro Certification provides transparent proof that sugarcane production and the supply chain meet these strict requirements. Independent, third party Bonsucro certification from SGS demonstrate your compliance with the standard’s requirements.

Bonsucro Certification is concerned about the social and environmental impacts of sugarcane production. Bonsucro is an association of sugarcane producers and downstream processors whose aim is to ensure a sustainable future for sugarcane production through socially and environmentally responsible initiatives.

Organizations wishing to produce and sell biofuels that can count towards an EU member’s renewables targets need to be assessed against the sustainability criteria outlined in the European Renewable Energy Directive (2009/28/EC). The Bonsucro standard is approved by the European Commission to meet these sustainability requirements.

During a Bonsucro audit prior to certification, key production indicators including your energy and water consumption and greenhouse gas emission are assessed. Regulatory compliance, labor rights, a continued secure local food supply and other human factors affecting the impact of the production on the local population are also assessed.

SGS is a trusted global leader in audit and certification services and holds an accreditation on Bonsucro certification. Our network of auditors are highly qualified in all aspects of sugarcane production and the sugar and bio fuel supply chains, local and international regulations and guidelines. They work with you toward the continuous improvement of your operations and Bonsucro Certification.

Bonsucro is an exciting step forward for the sugarcane and biofuel industries. Your Bonsucro certification will give you an edge over your competition as you meet the changing demands of consumers. Contact SGS to learn more about Bonsucro Certification. – www.sgs.com
Primary Source of Informations and References

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Compendium of CSR Initiative in South Asian Countries

The purpose of the study is to contextualize Corporate Social Responsibility in Indian sugar Industry. Corporate Social Responsibility is an emerging concept in India. The potential for CSR in a developing country automatically calls for a greater role of large businesses in addressing the issues faced by the societies they operate in. The trend for CSR related activities is increasing, both in terms of more companies developing CSR policies and investing in increasing percentages of gross sales to community service and sustainable development.

Prakruthi is a registered charity in United Kingdom. Prakruthi in collaboration with Oxfam Novib initiated the CSR project in 4 South Asian Countries, i.e India, Bangladesh, Pakistan Afghanistan and Nepal. The goal of the project is to encourage business to act responsible and take accountability for the impact of their interventions on society and the environment. Sansar is a network of NGOs and other likeminded stakeholders to prepare civil society organizations in each country to interact and collaborate with business in promoting responsible business practices and sustainability of supply cycle.

Oxfam Novib is the Dutch affiliate of the international Oxfam organization, based in Hague, Netherlands. It is an association dedicated to establishing a fair world with no poverty in it. Their work is based on five fundamental human rights, namely Right to the resources for a sustainable livelihood, Right to basic social services, Right to life and security, Right to social and political participation and Right to an identity. They reach to about 100 million people in about 100 countries and campaign worldwide for, e.g., Education for All, and Make Trade Fair.

ISBN 978-81-908155-0-0