CHAPTER VI
SUMMARY AND CONCLUSION

This chapter summarizes major findings from the analysis made, suggestions for better implementation of CSR programmes in the textile industries, and conclusion.

The textile industry occupies a unique place in the country. It accounts for fourteen percent of the total industrial production contributes to nearly thirty percent of the total exports and in the second largest employment generator after agriculture. It provides direct employment to about thirty five million people and to another fifty million in allied areas. It means that one out of every six Indians is linked to the textile sector.

Corporate Social Responsibility is synonymous with voluntary and philanthropic acts by business organizations designed to alleviate social ills or benefit a disadvantaged group chosen by the corporation’s managers. More importantly with the onslaught of the globalization, the challenges facing the textile sector are ever growing and getting more and more complicated. Over the past decade, a growing number of companies have recognized the business benefits of CSR policies and practices. Their experiences are bolster by a
growing body of empirical studies which demonstrate that CSR has a positive impact on business economic performance and is not harmful to shareholder value.

The present study is based on primary as well as secondary data and hence field survey method was adopted. The secondary data on textile industry were collected for a period of 10 years (2001 - 2011) from the Reports of the Ministry of Textiles and Ministry of Industry and Commerce, New Delhi and from the records of Textiles Associations and District Collectorate office at selected districts.

The data related to Corporate Social Responsibility (CSR) policies and amendments were collected from Ministry of Corporate Affairs, New Delhi and programme level data were collected for the period of 4 years (2006-10) from Annual Report of the Karmayog NGO (CSR rating organization) in Mumbai. The Karmayog NGO rating criteria is based on 17 major industries among top 500 companies in India and Tamil Nadu. The data related to CSR Awards were collected for the period of 9 years (2003-2011) from the Golden Peacock Global Awards for CSR, Secretariat, a London based organization with a significant presence in India through its Delhi Office, New Delhi. Primary data were collected from the textile entrepreneurs of selected textile industries in Tamilnadu.
As far as sampling frame is concerned, multi stage sampling procedure was adopted. Out of 32 districts in Tamil Nadu, three districts were selected based on the concentration of the population and business performance of Textile Industries, in terms of the Annual turnover, Annual network and Annual Profit. As such Karar, Coimbatore and Tirupur Districts were identified and selected as the study area. From each district, CSR norms applicable Companies having annual turnover of Rs.1000 crores, or Annual net worth Rs. 500 crores, or Annual Profit of 5 crores were randomly selected.

As per the CSR standard procedures and the textiles association of the concern districts, 120 entrepreneurs were selected from the study area. The textile entrepreneurs as respondents were categorized into two categories namely ‘A’ represents exporters and ‘B’ represents domestic manufacturers, subcontractors and entrepreneurs of ancillary industries. From each district 10 exporters as category A, 10 Domestic manufacturers, 10 Sub-Contractors and 10 entrepreneurs from Ancillary Industries as ‘B’ category amounted to 120 respondents were selected randomly. The collected data are analysed with suitable statistical tools.
6.1 MAJOR FINDINGS

Major findings of the study are presented hereunder:

> According to the Karmayog report, Gujarat textile industries had allocated Rs.89.4 crores during the study period (2006-2010) for implementing the CSR programme. It secured first position among the fifteen states followed by Maharashtra state.

> In Tamilnadu, the textile industries had allocated Rs 5.0 crores in 2006-2009 for CSR, especially the K.P.R mills Ltd in Coimbatore district had allocated Rs. 1.5 crores in 2008-2009.

> Covering Chennai region, the major industries had allocated Rs.858.6 crores in 2006 - 2007 to 2009 - 2010 for CSR. Among the 20 industries, the oil and natural gas industries spent Rs. 205.8 crores during the study period.

> In Madurai region, metals and minerals industries secured first rank in CSR fund allocation to the tune of Rs. 132.5 crores during the study period.

> In Trichy region, banking industries had allocated Rs. 5 1.2 crores for CSR and it placed second position during the period from 2006 - 2007 to 2009 - 2010.
> In Coimbatore region, the engineering and machinery industries had allocated Rs. 14.4 crores and it secured first rank during the study period (2006 - 2007 to 2009 - 2010).

> Among the various CSR programme, the government textile industries had allocated highest amount of Rs.75.5 crores for educational development activities followed by Rs.56.3 crores allocated for health care related activities during the study period.

> In Chennai region, regarding the fund allocations by selected major industries among the various industrial sectors for CSR programmes, the highest amount of Rs. 261.7 crores were allocated for educational development activities.

> In Madurai region, the highest amount of Rs.55.0 crores were allocated by selected major industries for health care activities in 2006 - 2007 to 2009 -2010.

> In Trichy region, during the study period, selected major industries allocated the highest of Rs. 11.0 crores for educational development activities.
> In Coimbatore region, the highest amount of Rs. 14.0 crores were allocated by selected industries for educational development activities followed by Rs. 10.9 crores were allocated for health care activities.

> According to the Karmayog Organization the CSR rating of 31 textile industries for the period of 2009-2010, level 3 was 10 percent out of level III companies, followed by level II and level I was 38 percent out of 16 companies. The highest level for V and level IV was not applicable in this survey report for textile industrial in India.

> Golden Peacock Awards (GPA) is a set of Prestigious National and Global awards for best implementation of CSR programmes. This award was given under GPA Association criteria. During the period 2006 - 2007 to 2010 - 2011, the global level winners were 20 companies for various CSR programmes Implementation particularly in the year 2007 and in 2011 five companies were global level winners.

> During the period (2003-2004 to 2010-2011) the National level (GPA) winners were 50 companies and in the year 2010, 11 companies were national level winners.
> In Tamilnadu, turnover wise performance of textile industries by selected districts during the periods of 2006 - 2007 to 2010 - 2011 reveals that among the three sectors, the highest turnover of Rs. 17027 crores belonged to garments sector followed by Tirupur district, Rs.6020 crores belonged to Home textiles and fabrics in Karur. Coimbatore district belonged to cotton mills sector to the turnover of Rs. 5800 crores in the same year.

> Regarding the nature of sample organisation, Majority of the sample units under study were sole proprietorship and partnership from of organisation. The products which are produced by home textile and garment sectors are meant for individual consumers while products of spinning sector serves for industrial consumers by supplying cotton and synthetic yam as raw material. Majority of the industries under category B were dealt with products related to either processing or semi finished products work.

> Home textile and spinning industries have more than 100 employees as compared to that of garment industries.'
> Although there were no significant marked difference among category A textile industries in terms of annual turnover and annual net worth, there was slight difference among the industries in terms of annual profit.

> Since category A entrepreneurs were engaged in export of textile products, they were bound to have membership with exporters association in their respective area of operation. In case of category B entrepreneurs, they are also having membership in some of the respective associations. Respondents under category A have more years of membership duration as compared to that of category B entrepreneurs.

> Regarding the socio-economic status of the respondents, majority were male, under productive age group with educational background. All the respondents under category A have minimum years of experience in practicing CSR programmes.

> There are significant differences among category A entrepreneurs on the awareness about code of conduct activities such as, Corporate Social Responsibility, Factory Improvement Programme, Indo-German Export Promotion Programme, Child Rights Cell, Labour Resource Centre and Environmental Protection.
> There are significant differences among category A entrepreneurs on the awareness on nine CSR activities namely Business Ethics, Charity, Philanthropy, Community Upliftment, Education Development, Health Care Activities, Employees Welfare, Basic Facilities, Women Development, Society Development and Environment Protection.

> There are significant differences among category A entrepreneurs on the awareness about Stake Holder importance in CSR Programme such as Management Government, Suppliers, Industry Associations, Media and International Organisations.

> There are significant differences among category A entrepreneurs on the awareness on the Impact of CSR Programme Implementation namely, Satisfying Shareholders, Reducing Operating Cost, Increasing ability to attract new employees and retain the existing employees, improving financial performance, increasing accountability and ensuring sustainability.

> The awareness level of category B entrepreneurs was higher on four code of conduct activities namely adherence to norms of Child Rights Cell, Local Associations, District Labour Welfare Office and Social accountability.
> The result of the survey shows that although category B entrepreneurs are not under the purview of CSR norms, they were aware of CSR programmes.

> All the entrepreneurs of category A industries implemented CSR activities in their textile industries. The oral discussion held with the entrepreneurs reveals that the areas of CSR activities are pollution control, educational assistance / services and creating rural amenities.

> All the respondents under category A were having minimum years of experience in practicing CSR programmes.

> The garment sector alone shared 51.46 percent of the total allocation which is more than half of the total fund allocated for CSR programmes.

> Most of the funds allocated for CSR was utilized for employees’ welfare and education development activities. A few percentages of funds were utilized for society development and environment protection activities.

> None of the entrepreneurs of category A were receiving support from Rotary Club and local NGOs as far as carrying out CSR activities.
The entrepreneurs of category A allocated funds for CSR activities only from the annual profit.

Most of the entrepreneurs sponsored and carried out CSR activities in the area of employees’ code of conduct and education development activities although their order of preference varies.

Implementing CSR activities will have its repercussion on the good will of the firm and thereby they can retain their employees.

Although entrepreneurs of category B are not falling under CSR norm, they were asked to respond on initiatives of CSR programme in the future.

All the respondents of category B showed interest in taking up environment protection as the top most CSR programme followed by employees’ code of conduct.

As for influence of factors on CSR implementation perceived among entrepreneurs category “A”, the result shows that the variables education, awareness on CSR, and experience in CSR practices under entrepreneur related variables had positive
effect as influence on the leadership style at 1 per cent significance level. Under organization related variables, employee size and annual profit had a positive effect at 1 per cent significance level; and under external environment related variables, support from textile association and community participation had negative effect at 5 per cent and 1 per cent significance level respectively, which means the CSR implementation was affected due to lack of support from textile association and low level of community participation in CSR activities.

> As for influence of factors on CSR implementation perceived among textile entrepreneurs category “B”, the result shows that the independent variables education and awareness on CSR under entrepreneur related variables had positive effect as influence on the CSR implementation at 5 per cent significance level; and under organization related variables employee size and annual profit also had a positive effect at 5 per cent significance level.

> The survey result reveals that Non standard form of CSR, Lack of coordination or cooperation from local partnership organization, Graft and corruption, Lack of government support
and Continuous practices of CSR requires huge fund and the most severe problems as opined by the respondents of category A in implementing CSR programme, whereas low budget provision, taxation and annual turnover were moderately severe problems.

> As to problems faced by category B entrepreneurs, majority of the respondents opined that all the said problems were most severe which retards them to implement CSR programmes although they are not under CSR norms.

6.2. SUGGESTIONS

- The Government may provide clear cut guidelines for earmarking CSR fond as well as use of CSR funds for each programme (Thematic area based).

- The Government may provide adequate financial assistance through banking institutions to domestic level textile entrepreneurs to improve their business turn over, so as to make them to contribute towards CSR related programmes through code of conduct activity initiatives.
• The Government must take steps to provide tax relaxation for those textile industries implementing CSR activities more successfully.

• The textile industries need to make efforts to reduce environmental pollution, water pollution and other environmental degradation through its environmental protection and water conservation programme within their area of business operation.

• The association of textile industries has to co-operate and provide necessary assistance to individual textile organizations to implement CSR programmes.

• In order to get the cooperation of local people, the textile industries have to maintain good relationship with member of local administration and rural and urban socio-economic organizations.

• The domestic level textile industries may concentrate on employees welfare activities through code of conduct programme, which will in turn positively reflect on the growth of the industries performance and CSR implementation.
• The textile industries implementing CSR programmes need to concentrate more on need based social development activities and sustainable development.

• The ways in which a textile firm can fulfill its responsibility towards various parties are similar to those of firms in other industries, i) Towards Employees: by providing a competitive and challenging work environment, ii) Towards Shareholders: by representing a fair picture of the company’s financial position and profit/loss to the shareholders; and by paying them a fair rate of dividend, iii) Towards the Government: by abiding by the laws and regulations of the area in which the firm operates. iv) Towards Customers: by providing quality products to the customers at reasonable prices; v) Towards Society: undertaking community development and area development programmes; undertaking charity work for the underprivileged sections of the society; by creating job opportunities, vi) Towards Environment: ensuring the purchase of environment-friendly supplies; ensuring a pollution-free process of production; having an efficient system for the disposal of waste; making the product and the process of production as environment-friendly as possible; and adopting eco-friendly packaging.
6.2 CONCLUSION

The CSR programme may include one of the components of PURA (Provision of Urban Amenities in Rural Areas) scheme. The concept of PURA was evolved by Dr. A.P.J. Abdul Kalam former president of India. The Indian government has been running pilot PURA programmes in several states since 2004. The pilot phase of the scheme is in progress. Moreover, the government may revamp policies related to PURA and rejuvenate rural industrial sectors. For the purpose of promotion of CSR activities of Small, Micro and Medium Enterprises in developing countries like India.