CII
Confederation of Indian Industry

Social Equity & Affirmative Action

Implementation Strategy

CII – YES BANK Knowledge Report

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Foreword

Corporate Social Responsibility has emerged as an important business agenda in the corporate world today. It is not a new concept but it is gaining importance in this world of globalization, increased number of informed citizens and changing social expectations. CSR is an essential and continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

However, organizations should not restrict their CSR activities to just giving money in charity. Instead they should try to create a return. Companies create values for their customers, the community and the non profit organizations they work with. The traditional notion of philanthropy is not adequate. One must move towards social intervention and empowerment in order to make a positive and sustainable impact on society and indirectly on the business itself.

In India there has been a strong movement to support sections of communities that have been underrepresented in education, administration and profession. This has ranged from steps to compensating past discrimination, to supporting minorities and gender equality. It has evolved in India as 'reservation' or 'quotas' which have been the centre of a huge debate that has deepened community divides and offered restricted benefit to the deserving. "Affirmative action" has been conceptualized a tool to eliminate 'preferential selection'—selection on the basis of race, gender, or ethnicity— but instead supporting these sections of society in sucessfully defeating any obstacles and proudly entering the mainstream on their competitive strengths. CSR has been remodeled to this context as a means of enabling this.

CSR is an important business strategy because, wherever possible, consumers want to buy products from companies they trust; suppliers want to form business partnerships with companies they can rely on; employees want to work for companies they respect; and NGOs, increasingly, want to work together with companies seeking feasible solutions and innovations in areas of common concern. Satisfying each of these stakeholder groups allows companies to maximize their commitment to another important stakeholder group—their investors, who benefit most when the needs of these other stakeholder groups are being met. There is a strong linkage and correlation between CSR and business; between social empowerment and commercial sustainability.

The winning companies of this century will be those who prove with their actions that they can be profitable and increase social value—companies that both do well and do good. Increasingly, shareowners, customers, partners and employees are going to vote with their feet by rewarding those companies that fuel social change through business. This is simply the new reality of business—one that all companies should and must embrace.

Believing that a development paradigm that ensures sustainable growth is of paramount importance for India, Confederation of Indian Industry (CII) works with strategic partners to build on shared synergies, conserve the environment and create sustainable value in sync with its unique theme for the year, ' Building People, Building India.'

CII's Social Development & Community initiatives are dedicated to enhancing the quality of life across the social spectrum, creating just and equitable opportunities for all people to live and work, towards the common goal of shared prosperity .Extending the 'More of India' philosophy to the boardroom agendas, CII's effort extends across education, health, community development, women empowerment, rural prosperity, skills development, human rights, population, health care, disaster management ,water and control of HIV/AIDS.

YES BANK has identified itself in a leadership position in India's march to Economic and Human Development. We have assumed an exemplary level of social conscientiousness and our initiatives include supporting development of social and physical infrastructure; advocating efficiency in public service delivery; and strategic interventions that support sustainable development.

YES BANK remains committed to assisting stakeholders in developing sustainable and commercially viable CSR projects on a PPP mode incorporating the principles of social equity and community participation. We trust that this document will facilitate a deeper understanding of the need and importance of CSR by industry, and will be instrumental in designing their action plans therein.
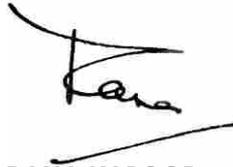
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Chapter 1

CSR a tool for inclusive growth

The concept of corporate social responsibility implies that corporations commit to improving society, in the broadest sense of the term, and to protecting the environment. It means that, beyond complying with the national and international legal obligations, enterprises pay greater attention to the human aspects of their activities and to the new expectations of the various stakeholders in society, all this without detracting from the economic purpose of the enterprise or impairing its competitiveness.

CSR involves a business identifying its societal groups and incorporating their needs and values within its strategic business plans.

It however goes beyond the occasional community service action. CSR is now a part of corporate philosophy that drives strategic decision-making, partner selection, hiring practices and, ultimately, brand development.

CSR is a means of analyzing the interdependent relationships that exist between businesses and economic systems, and the communities within which they are based.

Areas covered under Social Responsibility	
Internally	**Externally**
• Development of personnel skills • Health & safety at work and surroundings • Adaptation to change • Environmental management • Efficient use of natural resources	• Education & Health for the economically deprived • Training and development for socially weaker segments • Global outlook to environmental challenges

Closely related concepts that are all contained with the total CSR perspective are:
• Stakeholder theory
• Business ethics
• Environmental sustainability
• Strategic philanthropy (cause-related marketing)
• Corporate governance
• Social and environmental auditing

CSR has now come to be recognized as a business strategy and, therefore, represents actions that need to be positively selected, or avoided. CSR advocates believe there is strategic advantage to a company that makes these choices.
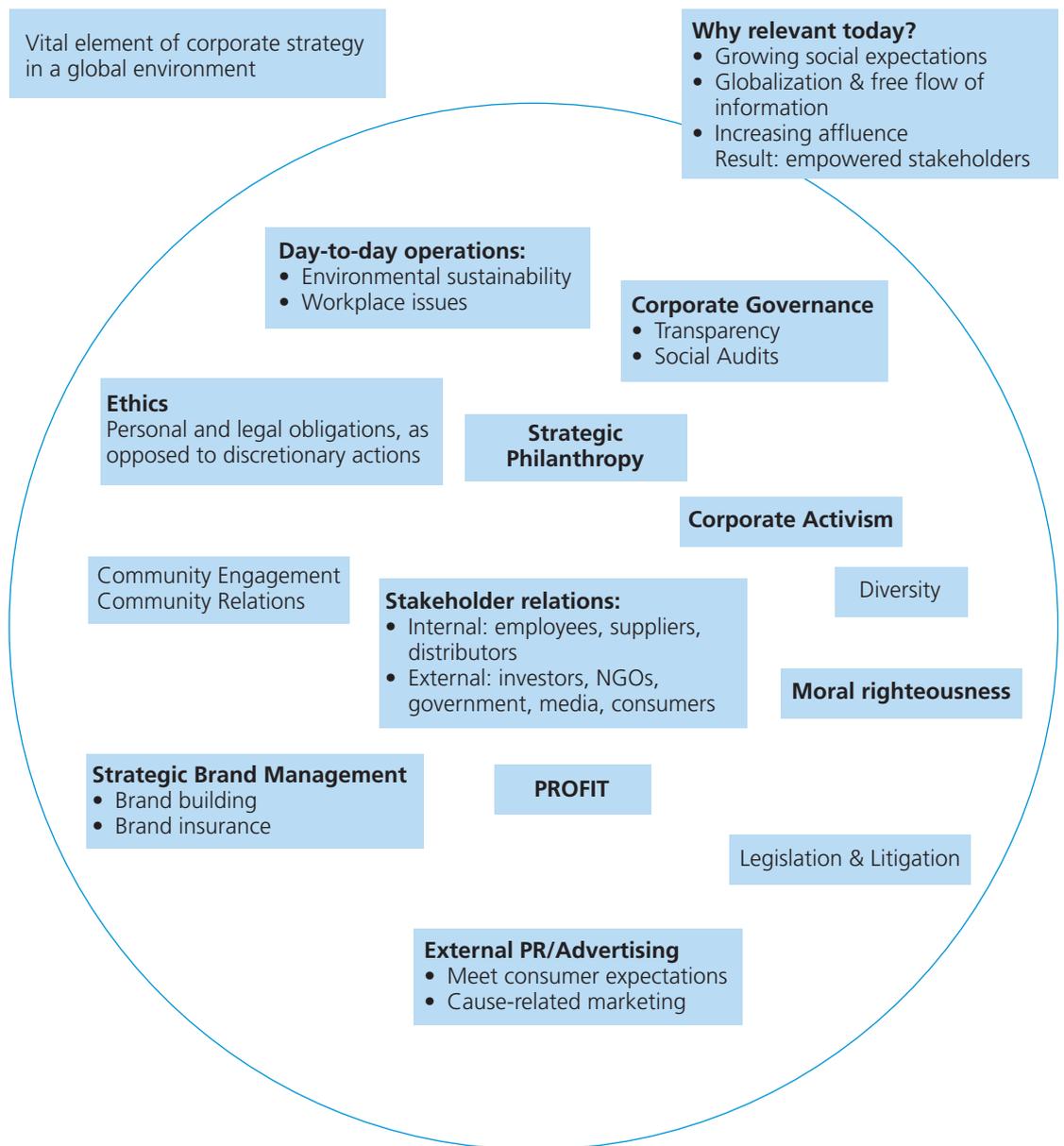
There is no universally accepted definition of CSR. Some of the selected definitions that best describe CSR include:

"Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"
-World Business Council for Sustainable Development

"Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development."
- International Finance Corporation

"CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."
- European Commission

CSR covers all aspects of an organization's operations and can be divided into the subsections identified in the following figure:

Vital element of corporate strategy in a global environment

Why relevant today?
• Growing social expectations
• Globalization & free flow of information
• Increasing affluence
  Result: empowered stakeholders

Day-to-day operations:
• Environmental sustainability
• Workplace issues

Corporate Governance
• Transparency
• Social Audits

Ethics
Personal and legal obligations, as opposed to discretionary actions

Strategic Philanthropy

Corporate Activism

Community Engagement
Community Relations

Stakeholder relations:
• Internal: employees, suppliers, distributors
• External: investors, NGOs, government, media, consumers

Diversity

Moral righteousness

Strategic Brand Management
• Brand building
• Brand insurance

PROFIT

Legislation & Litigation

External PR/Advertising
• Meet consumer expectations
• Cause-related marketing

CSR as a commitment stems from the sense of responsibility that recognizes the importance of health and happiness of fellow human beings, and in the long term sustainability of human enterprises. It also stems from the understanding and recognition of the fact that by undertaking CSR programmes as part of the business model, organizations stand to benefit socially, economically and brand wise.

Arguments offered in favor of CSR can be broadly split into two camps—moral and economic.

1. A moral argument for CSR

   Businesses rely on the society within which they operate and cannot exist or prosper in isolation. They need the infrastructure that society provides, its source of employees, not to mention its consumer base. CSR is the recognition of this inter-dependence and a means of delivering on that mutually beneficial obligation.

Advocates of CSR believe that, in general, the goal of any economic system should be to further the general social welfare. In advanced economies, the purpose of business should extend beyond the maximization of efficiency and profit. Increasingly, society expects businesses to have an obligation to the society in which they are located, to the people they employ, and their customers, beyond their traditional bottom-line and narrow shareholder concerns.

2. An economic argument for CSR

CSR represents a holistic approach to business. Therefore, an effective CSR policy will infuse all aspects of operations. CSR is an argument of economic self-interest for a business. CSR is a means of matching corporate operations with stakeholder values and demands, at a time when these parameters can change rapidly. CSR is increasingly crucial to maintaining success in business—by providing a corporate strategy around which the company can rally, but also by giving meaning and direction to day-to-day operations.

CSR is an important business strategy because, wherever possible, consumers want to buy products from companies they trust; suppliers want to form business partnerships with companies they can rely on; employees want to work for companies they respect; and NGOs, increasingly, want to work together with companies seeking feasible solutions and innovations in areas of common concern. Satisfying each of these stakeholder groups allows companies to maximize their commitment to another important stakeholder group—their investors, who benefit most when the needs of these other stakeholder groups are being met.

CSR as a strategy is becoming increasingly important for businesses today because of two identifiable trends:

- **Changing social expectations**

    Consumers and society in general expect more from the companies whose products they buy. This sense has increased in the light of recent corporate scandals, which reduced public trust of corporations, and reduced public confidence in the ability of regulatory bodies and organizations to control corporate excess.

- **Globalization**

    The growing influence of the media sees any 'mistakes' by companies brought immediately to the attention of the public. In addition, the Internet fuels communication among like-minded groups and consumers—empowering them to spread their message, while giving them the means to co-ordinate collective action (i.e. a product boycott).

    These two trends combine with the growing importance of brands and brand value to corporate success (particularly lifestyle brands) to produce a shift in the relationship between corporation and consumer, in particular, and between corporation and all stakeholder groups, in general.

    CSR is particularly important within a globalizing world because of the way brands are built—on perceptions, ideals and concepts that usually appeal to higher values. CSR is a means of matching corporate operations with stakeholder values and demands, at a time when these values and demands are constantly evolving. CSR can therefore best be described as a total approach to business. It is something that businesses today should be genuinely and wholeheartedly committed to.

Thus it is evident that Corporate Social Responsibility has come to acquire an important position in the corporate and business jargon over the last few years. Previously the most common approach of

CSR was through the giving of aid to local organizations and impoverished communities. However it was soon realized that this approach does not help build on the skills of the local people, whereas community-based development generally leads to more sustainable development. But the evolution of the concept of CSR did not end there. CSR is now being looked at as **a concept different from pure philanthropy** and more in tune with **strategic intervention that ultimately benefits industry itself. It is now believed that the benefits of CSR percolate back to the very organizations that undertake it and that CSR should therefore now not be looked at as an obligation to society but as a step towards a new and sustainable way of doing business.**

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Chapter 2

Affirmative Action

In India, traditional society was characterized by its division into a rigid hierarchical caste system. These castes determined the 'rank' of an individual in society and were largely linked to occupation, hereditary membership and defined lifestyle. The caste system had its extreme repercussions in the form of the 'untouchables' – those who were kept outside this system. 'Untouchables' or 'Dalits' represent the most glaring remains of our legacy of this embedded discrimination. Efforts to better the situation of 'Dalits' began in the 19th century, first under the British Colonial Administration and later, from 1947, under India's independent government. The Constitution of India includes an entire section dedicated to "Fundamental Rights," and it prohibits any discrimination based on religion, race, caste, sex, and place. This law was directed at all public institutions. Together with condemning any form of discrimination, however the constitution also provides for governments to make special provision for the advancement of any socially and educationally backward classes of citizens or for the Scheduled Castes and Scheduled Tribes (SC & ST). Similarly the reservation of appointments or posts in favour of any backward class of citizens which, in the opinion of the State, is not adequately represented in the services under the State and permits reservation in matters of promotion for Scheduled Castes and Scheduled Tribes. This has today evolved into a network of government-managed "reservations," positions set aside by quota in legislative bodies, in government service, and in education at all levels. The objective is that the "Scheduled Castes" can use such opportunities as springboards for better lives for themselves and for integrating themselves more fully into the life of the country. A similar situation has been derived for India's "Scheduled Tribes". This was originally mandated for the first 10 years but the amendments are still in force.

In addition to a very large population, India is also characterized by a very high level of diversity ranging from regional, cultural or religious differences. In this context there have been several communities including minorities who could be perceived as disadvantaged or less represented. It has been assumed that statistical disparities between groups in incomes, occupations, work discipline, or education levels are the result of discrimination and every community has been attempting to seek preference for its members. In some ways the policy drivers have institutionalized discrimination on a grand scale.

However, economic fairness and group equity must not inhibit the search for the real causes of inequality. The present system has produced the unintended consequences of greater divides, slow progress, less equity, and a heightening of group resentments. It is time for some reevaluation. The net of affirmative action should also be widened to focus for example on the economically weak section of the community, and to those with disability.

There is an enhanced demand and awareness of the need to ensuring equal opportunities and better representation to those who has been discriminated on the basis of their caste or creed. The intent of affirmative action is to ensure and enable equal opportunity for all qualified persons, and to take positive action to strengthen the efforts to realize true equal opportunity for all. Hence, policy initiatives are geared to support all such activities which would build people and enable them to be "qualified persons".

The promoters of equality have been arguing for an institutional effort to ensure equal representation and development for disadvantaged sections of society or those who have been subdued over a few generations. "Affirmative action" has been broadly defined as "positive steps taken to increase the representation of suppressed or insufficiently represented communities with a focus on the areas of employment, education, and business from which they have been historically discriminated and disadvantaged".

However when those steps involve 'preferential selection'—selection on the basis of race, gender, or ethnicity—affirmative action generates intense controversy and becomes much on the lines of quotas or reservations. The key difference in the concept of affirmative action lies in the fact that it

tries to ensure that these communities are strengthened to enable them to compete with the mainstream rather offering them easy or "reserved" entry routes. Active measures need to be taken to ensure that all sections of society enjoy the same opportunities for employment, promotions, salary increases, career advancement, school admissions, scholarships, and financial aid. *From the outset, affirmative action is envisioned as a temporary remedy that will help ensure a "level playing field" for all Indians.* However amid its good intentions, any affirmative action policy must avoid a reverse discrimination approach. It is crucial to define the difference between preferences and reverse discrimination. Affirmative action programs stamp minorities with a badge of "inferiority" no matter how competent they are or how hard they work. While preferences to correct past injustices are offered, no one who is not qualified should be hired. Also, programs for Affirmative Action should not last forever. Beneficiaries too often develop dependencies or adopt an attitude that they are entitled to preferences for ever.

Affirmative Action strategies include expanding the pool of jobs or admission applicants through recruitment strategies which reach outside of traditional channels such as the posting of job notices in places where minorities are more likely to see them. In employment, Affirmative Action programs also have sought to increase on-the-job training opportunities that are related to occupational mobility within workplaces. In some cases, Affirmative Action programs have been instituted by legal methods. In other cases, employers have established Affirmative Action programs voluntarily to increase the pool of qualified applicants and to diversify their workplaces.

Some of the facets of Affirmative Action undertaken by employers who undertake to secure fair participation in employment by all sections of society include: -
- Encouragement of applications for employment or training for people from under-represented groups;
- The adoption of practices aimed at encouraging independence, equal opportunity and participation
- The modification or abandonment of practices that have or may have the effect of restricting or discouraging such participation.
- Targeting training in a particular area or at a particular class of person;
- The negotiation of agreed redundancy schemes to preserve fair participation;
- The recruitment of unemployed persons.

CII has formulated a 'Code of Conduct for Affirmative Action' as follows:
- The company affirms its recognition that its wellbeing is interlinked with all sections of Indian Society.
- The company believes that equal opportunity in employment for all sections of society and is a component of its growth and competitiveness. It further believes that inclusive growth is a component of growth and development of the country.
- The company reaffirms that the recognition that diversity to represent socially disadvantaged sections of society sections of society in the work place has a positive impact on business.
- The company will not practice nor support conscious discrimination in any form.
- The company does not bias employment away from applicants belonging to disadvantaged sections of society if such applicants possess competitively skills and job credentials as made public.
- The company's selection of business partners is not based on any considerations other than normal business parameters In case of equal offers, the company will select a business partner belonging to a socially disadvantaged section of society.
- The Company has/will have a policy statement on Affirmative Action in the workplace.
- The Company has/will have an employment policy that is in the public domain. It may place such

policies and employment opportunities on its website to encourage applications from socially disadvantaged sections of society.

- The Company makes/will make all efforts for upskilling and continual training of employees from socially disadvantaged sections of society in order to enhance their capabilities and competitive skills.
- The Company has/will have a partnership programme with educational institutions to support and aid students from socially disadvantaged sections of society
- The company has/will have a senior executive accountable to the CEO to oversee and promote its Affirmative Action policies and programmes. The senior executive presents / will present a biannual report to the board of the company about such policies and programmes.
- The company further has a policy to maintain records on Affirmative Action.
- The company makes available its learning and experiences as a good corporate citizen in Affirmative Action to other companies desiring to incorporate such policies in their own business.

Affirmative Action initiated by companies is not very different from CRS infact it is a component of it.

CSR & Affirmative Action:

Corporate India has been at the forefront of the rapid growth in India. There is a growing awareness amongst the stakeholders for these corporates to play a more active role in inclusive growth. Indian industry has been individually and collectively leading innovative initiatives to promote and support a more humane and just society. Corporate social responsibility has emerged as an important component of corporate strategy. Different organizations have framed their approach to CSR - although there is considerable common ground between them. In the simplest terms, CSR is about how companies manage the business processes to produce an overall positive impact on society.

The concept of Affirmative Action has many parallels with CSR in this context. They have a lot in common in their motives though CSR is a much wider concept. Affirmative Action from the perspective of a corporate is a part of and an approach to implementing CSR. Simultaneously companies have been recognizing that through such an approach their 'corporate social responsibility initiatives' in addition to benefiting the local community makes good commercial sense. Companies leverage their direct and indirect control to inducing greater social equity and simultaneously they are able to extract significant direct benefits from these initiatives.

- Creating entrepreneurs
- Working with universities and schools
- Entrance exams for prestigious courses for students in centers
- Scholarships for prestigious courses
- Scholarship to overseas students
- Scale up existing vocational training
- Finance training for SC/ST's
- ITI up gradation programme in partnership with govt.
- Partnership with NGO's to improve government primary schools dominated by SC/ST students
- Establish scholarships in company schools
- Partner with NGO's for mid day meal programs in SC/ST dominated schools
- Disclose progress in annual report.

This attitudinal change in industry towards the imperative of inclusive growth was reflected in how industry is increasingly advocating healthy respect for the welfare of workers as well as their families. It is crucial to showcase successful initiatives that can be replicated easily on a larger scale. Affirmative Action will help ensuring employment opportunities to the disadvantaged and the less privileged not only on the basis of their gender or caste but also depending on their economic status and any economic disability. There is recognition in industry of the importance of skills development

and the need for Affirmative Action to provide greater employment opportunities, particularly to the less privileged sections. Simultaneously greater awareness will help direct these companies operations to areas dominated by these communities ensuring greater opportunities for them and helping them participate in the 'Indian Growth Story'. This in turn will enhance inclusive growth.

Educational and skills development are very crucial areas for industry participation. Only a Public-private partnership approach can facilitate this in India at the required competitive pace. Companies have also been faced with the task of managing unassimilated diversity and getting the same output. For this they need to ensure a barrier free and fair working environment. The key challenge in the implementation of Affirmative Action is whether the attempts to compensate for past discrimination can be designed to ensure it does not deepen the divide or become a permanent fixture in the labor market.

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Chapter 3

**CSR, Affirmative Action and Business –
Strengthening the Link**

CSR covers all aspects of a business' day-to-day operations. Everything an organization does in some way interacts with one or more of its stakeholder groups, and companies today need to build a strong brand with respect to all stakeholders. Whether as an employer, producer, buyer, supplier, or investment, the attractiveness and success of a company today is directly linked to the strength of its brand. CSR affects all aspects of all operations within a corporation and its constituent groups. Each area builds on all the others to create a composite of the corporation (its brand) in the eyes of all stakeholder groups.

It is important that CSR focuses on areas of immediate relevance to an organization's sphere of operations. CSR is an holistic approach to business, which is designed to enhance corporate success. It cannot be unconnected to an organization's core business. CSR is increasingly crucial to maintaining success in business—by providing a corporate strategy around which the company can rally, but also by giving meaning and direction to day-to-day operations.

There is a direct correlation that exists between the level of social empowerment and commercial sustainability. Each organization must comprehend this correlation and undertake activities in order to benefit from it.

Society forms an integral and highly essential part of any business organization by being a component of both the demand and supply side. On the supply side, all businesses depend on society for their labour requirements while society is part of the demand side by virtue of being consumers/customers/clients.

Direct Correlation between Social Empowerment & Commercial Sustainability
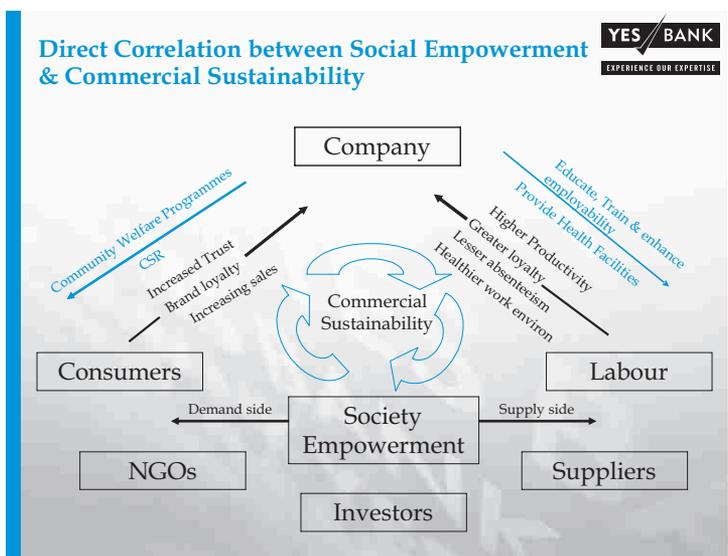
Previously capital was considered as the only essential and deciding factor for any business. However over time it was realized that capital on its own did not make much impact on the business unless combines with a productive workforce. Thus emerged the importance of human resource.

Studies world over have proven beyond doubt that the level of human resource within the organization has a direct impact on the productivity and profitability of the organization as a whole. By 'level of human resource' we mean not only the educational, intellectual and skill level, but also their health and level of morale.

This is where the importance of CSR and affirmative action comes into greater focus. All organizations need to create a workforce that is well trained, healthy, educated, empowered and highly motivated. Organizations need to create an environment wherein the workforce, experiences a level of concern from the organization towards themselves and their families' wellbeing. This one step works wonders for their loyalty and their level of productivity. It also helps lower the levels of attrition. By providing health facilities organizations further ensure a healthy workforce thereby again improving productivity and also lowering absenteeism.

By extending education, health, training and employment enhancing programmes to the local communities in the vicinity, the organization helps create a pool of empowered and productive labour for its future requirements as well.

Society takes the form of consumers on the demand side of every business. In this day of globalization, free flow of information and increasing affluence, the requirements of the consumers are undergoing a change. There is a rise in the level of expectations from industry towards societal improvement and welfare. With this rise in expectations, we are witnessing a demand for a similar product shifting from certain organizations towards those organizations that are conscientiously fulfilling their obligation to society through CSR and affirmative action. Thus organizations that undertake CSR and do their bit for society actually stand to benefit themselves via increased consumer trust, brand building and loyalty and thus increased sales.

CSR: An Important Business Strategy

CSR is a tool that helps organizations meet the needs of all the stakeholders & must therefore be integrated with the business plan of every organization

By catering to the needs and creating a bond with such important components on both the demand and supply side, organizations become an attractive proposition to suppliers who always want to form business partnerships with companies they can rely on.

As part of their commitment to society, organizations try to partner with local/ national/ international NGOs. But these partnerships are possible only once the organizations establish their credibility. By already working towards benefiting their bottom line, organizations confirm this credibility. Working with these NGOs then further adds to the brand image of the organization thereby furthering the brand loyalty of its customers.

Given the government's drive towards social goals, organizations that undertake CSR and affirmative action will obviously benefit from the government's subsidy and welfare programmes. The government may also extend certain fiscal concessions towards these organizations.

By satisfying all the stakeholders mentioned above and by establishing cordial working environment with the government, organizations maximize their commitment to another to another important stakeholder group—their investors, who benefit most when the needs of these other stakeholder groups are being met. Thus by catering to the needs of all the stakeholders and by contributing towards social empowerment, CSR and Affirmative Action become an important tool for successful business.

The Indian industry is increasingly realizing this important link between CSR, Affirmative Action and business itself. The need for societal welfare and growth and the need for inclusive growth is obvious. A cohesive and integrated society, in which all individuals have access to opportunities for personal growth, will foster inclusive development, propel economic growth and also enhance its competitiveness. Increasing the employability of the current and potential workforce is an essential commitment that must be made by industry to endure a strong, efficient and productive workforce.

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Chapter 4

**Social Equity & Affirmative Action
Implementation Strategy**

It is unequivocally clear by now that corporate social responsibility and its component of affirmative action is an essential part of the 21ˢᵗ century business model. Most companies world over have adopted CSR practices that have already started yielding positive returns to them. Indian Inc also has a large number of businesses that practice CSR in varying degrees of volume, intent and extent. However as more and more organizations, big and small, have begun to realize the importance and benefits of adopting CSR practices they are being faced with two hindering problems.

The first problem is of the nature of 'how to implement' CSR in the day-to-day operations of the organization. The second issue is un-awareness of the kind of projects that organizations can take up as part of their CSR initiative. These two problems are almost of the same nature and are fortunately not severe in nature. These issues can be addressed in two manners. The first is a generalized approach to CSR which can be followed by all organizations irrespective of their size and turnover. This approach ensures that CSR is integrated within all aspects of operations of the concerned organization. The second is more specific wherein the organization needs to decide on the exact approach it wants and needs to follow under its CSR initiative. Depending on the need and the intent, each organization can decide whether it would take on CSR activities independently, combine efforts with other business organizations or enter Public-Private-Partnerships with the local community, relevant NGOs and/or the government. All these approaches have been discussed at length below.

General Approaches to CSR & Affirmative Action

This refers to the common approach that all organizations must follow while pursuing their CSR and Affirmative Action obligations to society. Key steps on the road to integrating CSR within all aspects of operations include:

- Ensure the commitment of top management, and particularly the CEO, is communicated throughout the organization
- Appoint a CSR position at the strategic decision-making level to manage the development of policy and its implementation
- Develop relationships with all stakeholder groups and interests (particular relevant NGOs)
- Ensure the compensation system within the organization reinforces the CSR policies that have been created, rather than merely the bottom-line
- Any anonymous feedback/whistle-blower process, ideally overseen by an external person, will allow the CSR Officer to operate more effectively
- Incorporate a Social or CSR Audit within the company's annual report

The main objective of all organizations should be to "*integrate a complete 'Social Perspective' into all aspects of operations in order to maximize true value & benefit for the organization through Strategic Intervention.*"

Collaborating towards attaining this objective does not refer to charity or philanthropy. Because charity is a one time assistance and may not result in any significant and sustainable improvement in the status of targeted beneficiaries. What is needed is focused and strategic programmes and partnerships with all the stakeholders and assisting agencies that result in community development and rise in social welfare.

Specific Approaches to CSR & Affirmative Action

These are meant for those organizations, especially manufacturing industries and corporates-big and small, that wish to undertake activities targeting bottom line and societal improvement and welfare.

Health & education

Health and education have been identified as perhaps one of the most important constituent of any community development process. Organizations that wish to take up education and/or health initiatives must work towards ensuring the improvement of the general health and spread of non-formal education among all members of its bottom-line and the local community.

Education

The most critical input for empowering people and giving them the choice of deciding how to best live their lives is education. Education is fundamentally important and there is great need to increase the level of education in India. An educated and trained workforce can increase productivity of an organization manifold and also results in a healthier working environment. By taking up education-primary, secondary and vocational- as part of their CSR initiatives organizations can make a strong difference to society and to their business.

Probably the easiest yet effective CSR than an organization can undertake is to institute scholarships in various educational institutions to encourage meritorious students. These scholarships can either be across the board or can be linked to the relevant area of the organization itself-engineering, medicine, agriculture, management etc.

Organizations can contribute by constructing public schools in collaboration with some national or international partner (s) in the area from which their labour hails. This will help ensuring that the future work force in that area will be educated and more resourceful. For organizations that do not have the kind of funds required to construct a whole school, they can assist in strengthening the infrastructure of schools in their vicinities through the introduction of basic facilities, including safe drinking water. They can also help by assisting in the reconstruction of old school buildings.

Given this day of information technology and computer skills, organizations can help ensure employability of underprivileged adolescents and youth by providing marketable skills through e-learning programmes. Organizations can also contribute by donating computers to the local schools and by deploying IT education programmes to spread computer literacy within the organization's support staff.

Vocational training is another area which organizations can take up which can be specially customized for youth and women in order to empower them to gain access to opportunities for sustainable livelihoods and growth in the New Economy.

Health

By addressing health issues and providing health facilities to its employees, an organization assures itself of a healthy workforce thereby also assuring itself of high productivity and low absenteeism. Providing the bottom line with health facilities is an important component of a successful and sustainable business and must be taken seriously by the whole of industry.

Organizations that wish to pursue health initiatives can choose from a wide range of possibilities. They can assist in providing medical facilities to remote rural areas. They can also hold weekly clinics, counseling sessions, health camps regularly to promote general health and well-being in the community. The health perils in the community are numerous and in order to treat some minor ailments and casualties, organizations can identify community members and train them to treat minor ailments.

Organizations can also equip hospitals with modern and state-of-the-art medical equipment. Senior citizens can be provided medical facilities. Organizations can sponsor hi-class training programmes for certain promising medical personnel hailing from the lower strata of society.

Then there are always the regular periodic eye check-up camps and blood donation camps that can be organized either independently or in collaboration with dedicated organizations like Red Cross or the Rotary Club etc.

HIV / AIDS are serious public health challenges of the century and every organization needs to pursue an active policy towards them for its own employees in particular and for the community in general. This policy can be a commitment towards the prevention of the dreaded disease. It can be entailed to provide necessary care & support to those suffering from the fatal disease, to assist in providing treatment and ensuring that there is no discrimination what so ever to those suffering at workplace. All organizations should conduct targeted intervention programs regularly for high risk category personnel both at work place and in community areas. Voluntarily testing should be organized for its detection and counseling centers established.

To progress HIV / AIDS intervention program, organizations can create a pool of counselors and doctors. They can also partner with NGOs in a collaborated effort to fight the dreaded diseases. Organizations can also work directly with the National Aids Control Organisation (NACO) in its prevention programs.

Environment

Environment issues have risen to the forefront over the past decade world over and their importance cannot be undermined. A large number of Indian companies are already doing their share towards environment protection and conservation. The rest of India Inc needs to follow suit. Environment issues are very diverse and ranges from issues like water management, water harvesting, control on discharge of effluents, energy & soil conservation, carbon emissions etc. The first step that all organizations need to take is to ensure that they are following environmental friendly production techniques. Organizations should look at this not as a responsibility only but as a duty it *must* perform. Once this is done, organizations can look towards participating in activities that further protect, conserve and improve the environment.

Business Opportunities for Clean Tech Companies

Area	Approach
Industrial Pollution Abatement	• Air pollution control & monitoring equipment in thermal power plants • Waste and waste treatment • Material recovery & utilization of chemicals • Hazardous waste treatment facilities
Water Supply & Sanitation	• Efficient use, reuse & circulation of water in industrial processes • Equipment & materials for water and sewage network control • Waste water treatment equipment • Dewatering, thickening & digestion of primary sludge

Organizations can aid in the countering the shortage of water through periodic digging of bore wells, installation of submersible pumps & construction of water storage tanks in and around its set up. They can facilitate supply of drinking water and animal feed to some of the drought hit villages.

Organizations can construct rain water harvesting reservoirs which will help immensely in ground water recharging and will benefit the nearby localities.

Organizations can also undertake afforestation as part of their contribution to maintaining the ecological balance.

Empowerment

Organizations can support orphanages and assist in the welfare of orphans through education, health care and a holistic development approach. They can provide financial and technical assistance to these orphanages for running various education, regular health care, nutritional support, vocational and higher education programmes. To manage the projects efficiently and at par for day to day activities, organizations can partner with local credible organizations. The positive social action under this initiative will not only provide the necessary help for the inmates but also help in empowering individuals with dignity and with a sense of belongingness to the society.

Organizations can also start Integrated Education Programmes to inculcate education, health and self-empowerment among the lower strata of society thus participating in the affirmative action drive of India Inc. The program, if done on a large scale, with the help of deputed trainers and dedicated officers will help uplifting the lives of thousands of people. This might be taken up by either one large organization or a group of organizations can pool in their resources and efforts. These integrated education programmes assist in the all round development of the targeted beneficiaries and will enhance their employability.

Organizations can also adopt small communities and provide economical, financial and moral support to them. They can assist them in setting up the necessary infrastructure facilities like electricity, telephone connections, wells, water pumps, roads etc. Another option is for smaller organizations that are supporting a similar cause to combine their efforts and work in unison. They can come together as a cluster and work towards common goals. Organizations can also set up a corpus fund for the purpose of community and social development.

A snap shot view of how it all stacks up:

Factors	Approach	Result
DEMAND SIDE		
Employees	Contribute towards an educated, healthy, skilled, informed work force	Enhanced employability and secure future work force Lower attrition rate
Land & natural resources	Judicious & wise use of resources, control on discharge of effluents, water, energy & soil conservation, water harvesting etc	Improved & protected environment
Capital & investors	A holistic approach to business by satisfying the needs of all the stakeholders	Strong brand building & thus easier to attract investment
SUPPLY SIDE		
Consumers/Clients NGOs	Give the first right of refusal Extended business partners	Strong brand & trust Partnerships due to search for solutions in common areas of concern & thus further brand building
Government	Support their subsidy & welfare programmes	Brand appeal & positive image

This list of approaches is not an exhaustive list. There is a whole plethora of permutations and combinations in which organizations can take up activities that they feel would help improve society, better the community, enhance employability, reduce poverty and discrimination, bring about equality and save the environment. Organizations will come up with innovative ideas and models every now and again because each organization is the best decider of where the problem lies, whom/what it needs to target and what it needs to do. It is just a matter of every organization waking up to this responsibility. Once that happens half the battle is won. Fortunately, India Inc has already realized this responsibility and we are progressing rapidly on the path towards a better India.

Public Private Partnership

Public Private Partnerships in the provision of social & economic infrastructure and enabling services have also emerged as an important approach for organizations to fulfill their responsibility towards society. **Public-private partnership** (**PPP)** describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. The term private in PPP encompasses all non-government agencies such as the corporate sector, voluntary organizations, self-help groups, partnership firms, individuals and community based organizations. The private-sector party can be involved in a variety of ways, from designing the public-purpose facility to undertaking its financing, construction, operation, maintenance, management, and/or ownership.

Public Private Partnership is the institutional innovation technique to overcome the weaknesses and synergize the strengths of both the public and private sectors. It capitalizes on the private sector efficiencies together with the benefits of the governmental resource base and reach. PPP world-over is emerging as an ideal model for developing countries due to its special focus on economic growth along with social equity.

PPP offers a three fold advantage:
- Enables Community Participation
- Incorporates the principle of Social Equity
- Positive social & economic repercussions on the local community & immediate stakeholders

Public private partnerships have hitherto mainly focused on sectors like infrastructure and have typically followed the B-O-T (Build-Operate-Transfer) model. The B-O-T typically refers to the arrangement wherein the private partner builds a facility to the specifications agreed to by the public agency, operates the facility for a specified time period under a contract or franchise agreement with the agency, and then transfers the facility to the agency at the end of the specified period of time.

The best part of PPP is that it subsumes all the objectives of the service being provided earlier by the government and is not intended to compromise on them. *Essentially, the shift in emphasis is from delivering services directly, to service management and coordination.*

The concept of PPP has now made a foray into the **social development sector** as well. For a country like India and other similar developing countries which are facing rapid economic growth but continue to have huge social problems, it is not enough for the government to address the issues single handedly. The private sector, in the form of individuals, national and international organizations and community groups, have all come forward to join hands with the government in its efforts to address social issues.

*The advantage that PPP projects have is that **they can incorporate a social focus without affecting the economic viability and efficiency of the project.*** The time is now ripe to replicate the PPP model in the social development sector including organizations' approach to CSR. One key

element in this approach as far as community betterment is concerned is that of community participation through social equity; and hence the emergence of the **Social Equity Model**.

The Social Equity Model derives itself from the basic PPP approach for the infrastructure sector that is based on BOT. However this model attempts to holistically include the society (groups/individuals that require empowerment and inclusion) as a project partner (expected to hold minority equity ownership). This model represents a shift away from the regular grant and subsidy model to a social equity model that is based on PPP. Most often, this equity would also need to be provided directly or indirectly by the public agency; however ultimately it will be the individual members of the concerned community who will have stake in the project.

The raison d'être of the social equity model is to involve the community in the process of development in order to assure sustainable and inclusive development. The model focuses on involvement of all the stakeholders and provides positive returns to all of them.

The private organization/corporate that sets up this project as part of its CSR initiative contributes in terms of capital and overall management. The organization can decide in which area to set up this project and which component of social development it would like to address and pursue. It may consider taking up a project that would enhance its own area of operation while contributing mainly towards community development. Eg. A financial institution might consider setting up a cooperative of local self help groups for food processing. This cooperative would provide employment to all the members of the self help groups while also providing the financial institution with an avenue for its own core operations- i.e lending.

The component of social equity is formed by the concerned local community having stake in the project. This stake can be in the form of land and/or capital and can stand at say 10%. Given that a high percentage of local communities might not even be able to contribute this amount, this equity might also need to be provided directly or indirectly by the public agency; however ultimately it will be the individual members of the concerned community who will have stake in the project. By having stake in the project, the community is assured of being involved in the decision making and hence assured that all the policies of the project directed towards their wellbeing.

Given that this project is driven with the prime motive of social development a number of NGOs would like to join as partners. They will contribute in terms of capital/funds and management. NGOs will also contribute heavily in terms of providing feasible solutions. The NGOs will help giving direction to the project while keeping the needs of the community at the core of all action plans.

The government can also be a part of this project due to the large number of subsidy and welfare programmes it already has in place. And working with the government brings in more credibility to the project.

The project of this nature which satisfies the needs of all the stakeholders and is not charity driven but strategically modeled, will prove to be attractive to other financiers as well be them banks, knowledge based financial institutions or other financial institutions.

The Social Equity Model has a number of benefits for all the stakeholders. The parent company benefits in terms of branding, additional revenue, and if the project is related to its core operations, then additional business. The company also stands to gain from certain tax concessions from the government when it undertakes projects that are oriented towards social development.

The local community stands to gain in terms of employment and additional income. Projects of this nature will also result in community empowerment and wellbeing. The local community will also be

part of important decisions that are made and hence the interests of the community will always be kept at the centre of all decisions. NGOs also stand to gain from such projects as they are then assisted in attaining certain social goals. NGOs also benefit by working with companies seeking feasible solutions and innovations in areas of common concern.

Social Equity Model
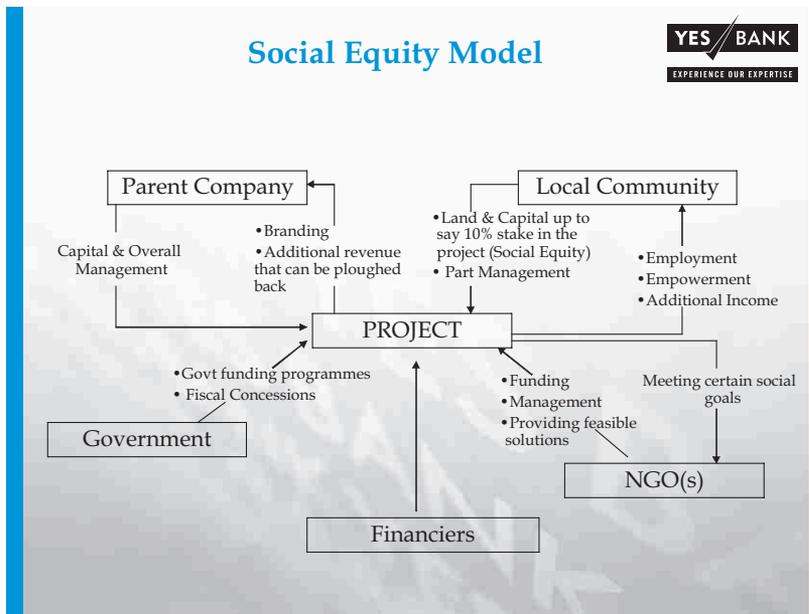
Thus the social equity based model is a holistic approach towards corporate social responsibility, involving all the stakeholders, especially the local community and is perhaps the latest innovative approach towards sustainable and inclusive development. However it must be realized that the social equity model is a developing concept and not a miracle cure that immediately and easily solves all the social issues and brings about sustainable and inclusive growth. It is a complex contract because of the risks that will be allocated to the parties. Perhaps the biggest challenge is that of actually getting the community to have stake in the project, particularly in India, where a vibrant democratic system relates to a multiple socio-political, religious and culturally diverse society. However these cannot be considered as barriers to further developing the concept of Social Equity; and knowledge based institutions can take up the task of studying how to overcome these challenges.

Financial Institutions Approach to CSR

There have been several approaches to implementation of CSR. This chapter is strongly influenced by one such innovative approach that has been conceptualised and implemented by YES BANK - building home-grown expertise, tapping tacit local knowledge of sustainability issues and dovetailing this with international best practice enabling it to be a **'reference bank'** for sustainability and to further percolate sustainability within the Indian banking industry.

Businesses of the Future
Mainstreaming Sustainability:
Financial institutions that aspire to drive economic growth, support development and are committed to the cause of sustainable development should institutionalise a specific division to execute this focus of the bank. This division could be embedded as a Strategic Initiatives group with a focus towards working with the government and would adopt a pyramidal approach that
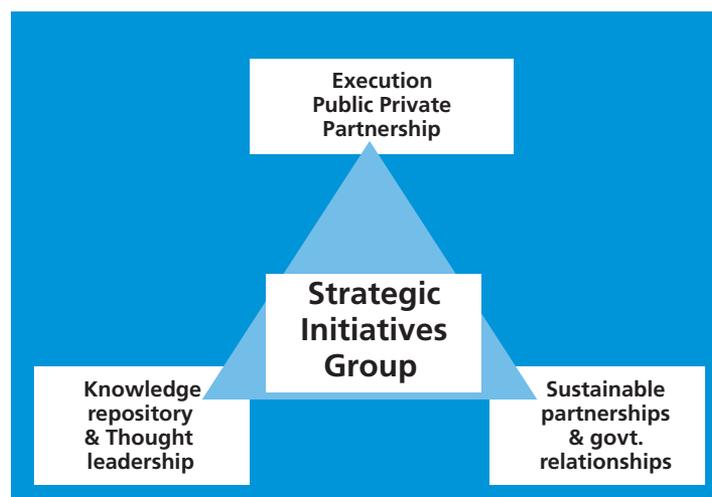
involves knowledge sharing, building partnerships and execution of projects through its expertise in Public Private Partnership.

The key focus of this division would be to conceptualize and initiate sustainable development projects on Public Private Partnership (PPP) mode. The key advantage of this division would be its knowledge repository that enables innovation, advisory and adaptation of PPP principles to 'sunrise sectors'. With the perspective of social equity and community participation, this division will have the strength of relationships with government and other stakeholders to forge long term mutually beneficially partnerships toward a common mission of greater social inclusiveness for the less priviledged. This division will drive external engagements, and work towards mainstreaming sustainability within the Indian banking community by adopting a **multi-stakeholder** approach to dialogue with peers, governmental and non-governmental bodies, industry and academia. Through such an approach of embedding the **'triple bottom-line'** ethos across the organization, financial institutions create thought leadership, enduring value and competitive advantage.

Directional Strategy: In order to create a commercially viable financial institution that incorporates **sustainability** within its core business focus, an innovative business approach is entails moving away from philanthropy to what Stuart Hart refers to as **"Fourth Generation Sustainability"** wherein sustainability is a critical business driver. 'Sustainability' can become a strategic tool lending a sustained competitive advantage to core business practices. Being part of the tertiary sector, financial institutions do not have a significant ecological footprint of their own but they do have a multiplier impact on sustainable development through allocation of finances to various economic activities which have direct and measurable social and ecological impacts.

Sustainable Business Model: Financial institutions are becoming increasingly aware that in addition to their responsibility to make direct investments in sustainable development; they also needs to leverage their position of indirect control over investment and management decisions to influence the business community at large to align themselves with broader sustainability goals. Therefore, while building strong relations with civil society and non-governmental organizations must become a key component the approach, equally important is the conscious decision to support several sectors within the sustainable development space that can be profitable on a stand-alone basis.

There is a strong business case for projects that deal with Blue (air and water), Green (land) and Brown (waste) issues. Project opportunities in areas such as energy (renewables), urban and rural regeneration, sustainable water management, solid waste management and carbon sequestration can be remunerative and can add substantial value to society. Financial institutions should aspire to operate in **'Sustainability Zone'**, where wider economic, environmental and social objectives are met by supporting sectors such as **Businesses of the Future** such as Information Technology (IT), Life Sciences and Biotechnology, Renewable Energy, Food and Agribusiness, Sustainable Livelihoods and Social Infrastructure i.e. Healthcare and Education among others.

Select Key Sustainability Initiatives:

1) **Serving New Market Segments**

   - **Partnering MFIs** – Financial conglomerates or banks can build credit partnerships with leading microfinance institutions (MFIs) to support the unique credit requirements of the needy in this segment.
   - **Direct Intervention** – Financial Institutions should also move to providing **holistic financial solutions** including savings, credit, insurance and transfer services to the base of

the pyramid (BoP) helping the poor *manage risks, build assets, develop micro enterprises, enhance income and enjoy an improved quality of life.* This should extend a focus on women empowerment through financial self-sufficiency

2) **Thought Leadership –** linkages with likeminded players of repute both locally and internationally allow for access to a potentially new set of investors i.e. the **Socially Responsible Investor** community as well as community development organizations:

Partnerships in Sustainability Finance –Small and medium enterprises are drivers of sustained economic growth and financial institutions should strengthen their efforts with suitable financial products and services. Within this framework there is a need to promote lending to clean energy enterprises, energy efficiency and water projects. Significant focus must be directed to the "social and green" sectors of the economy covering a vast gamut of knowledge driven sectors as Alternative "clean" Energy, Energy Efficiency, Clean Technologies, etc. YES BANK has recently entered into a strategic alliance with **Global Environment Fund (GEF),** a USD 1 billion fund based in United States, to focus on clean technology and environment friendly initiatives.

The Social Investment Bank (SIB): The concept of a SIB was evolved to address the need for investment in social ventures i.e. businesses which have significant impact on low income populations and the environment. These include renewable energy, clean technology, sanitation/sewage management, education, health care, and transportation. The Social Investment Bank offers a wide range of services, including consulting/advisory, fund raising, acting as an arranger, aggregating and trading carbon credits, and carbon financing.

3) **Creating Sustainable Human Capital:** The 'sustainability' approach of a bank should be tied-in with its Human Resource (HR) practice on two broad levels –to **attract and retain** best in class professionals through regular induction and training programmes as well as to tap in to various academic institutions to **augment knowledge exchange** within the sustainability space

4) **Managing Accountability & Performance:** Financial institutions should have an Environmental and Social Policy (ESP), approved by its Board of Directors, enabling **recognition**, **evaluation**, and **monitoring** of the environmental and social facets of its own operations and those of its customers. The ESP will reflect the *"walk the talk"* link between the bank's sustainability vision and its policy and processes to substantiate this.

Case Studies

1)   A Successful PPP Project: Emergency Management Research Institute

A home grown success story offering a glimmer of hope in the emergency management scenario in India is the **Emergency Management and Research Institute (EMRI)** in Andhra Pradesh. Envisaging a comprehensive coverage of Medical, Police and Fire emergencies through Public-Private Partnership, the Government of Andhra Pradesh has recognized EMRI, a not-for-profit institute as the nodal agency to provide comprehensive emergency management services.

EMRI provides comprehensive emergency management services in the state of Andhra Pradesh using a single, toll-free number (**108**) allotted by the Government of India. The number **108** is used as the centralized helpline for Medical, Police and Fire emergencies and is accessible from both fixed and mobile phones and is toll free across the state. EMRI has deployed 380 state of the art ambulances in 50 towns and entire Andhra Pradesh covering 8.0 crore population, establishing partnerships and has saved more than 12,098 lives. Supported by the absolutely latest technology in distress communication and management, EMRI extends quick and effective relief support to any distress situation.

EMRI is working with Government of Andhra Pradesh in Public Private Partnership (PPP). **Satyam Computer Services Ltd**. is a strategic partner to EMRI and contributes to Technology, Processes and Knowledge Management. The government acquires ambulances under the Rural Child Health (RCH) programme, more ambulances are acquired from the health department and all these ambulances, along with the ambulances operated by the National Highways Authority of India, are handed over to and utilized by EMRI. While the government purchases ambulances, EMRI recruits the drivers and provides a trained para medical staff for each ambulance.

EMRI has also entered into strategic alliance with **National Emergency Number Association (NENA), USA.** Another partner is the **American Academy for Emergency Medicine in India (AAEMI)**. The AAEMI and EMRI jointly work to promote, support and advance the missions and goals of each and to work together whenever possible and appropriate.

While the state government and its agencies are integral partners, EMRI has a number of other partners like Government and private hospitals, blood banks, ambulance agencies, telecom service providers, insurance companies, NGOs, corporates, individuals other organizations.

The success of this project is projected by the fact that it is steadily expanding:

- More than 50 towns in the state are getting assistance by the project
- In the next phase support will be extended to more than 4000 villages.
- Satyam has come forward to give the further technical support
- More than 1200 government and private hospitals give medical assistance now.
- The success of the project has inspired other states to come up with similar projects.

This model is indeed a success story and depicts very clearly the benefits that emerge from well structured PPP projects. The benefits here extend across a whole array of beneficiaries, most of all benefiting society itself. This is a clear case of the government resources and the private sector efficiencies merging together to create a well performing social utility. This is a classic example of how organizations can work together towards helping society.

2) Illustration of a hypothetical Eco – Tourism project:

Ecotourism is the concept of 'responsible travel to natural areas that conserves the environment and improves the well being of local people.' (as defined by the International Ecotourism Society). This illustration is conceptualized as a venture is spread over about 25 acres, leased from either the government or from local community, with the potential for developing spice farms and floriculture. Visitors are offered accommodation in tree houses and cottages built by locals in vernacular style; an experience of local culture and native cuisine served in the traditional style, which also results in the empowerment of the locals who will be actively involved in this venture. It will offer the visitors the opportunity to participate in farm activities and result in wider markets for farm produce.

Key Assumptions[1]

Parameter	(in INR Mn)
Project Cost	93.36
Land Cost	17.5
Construction Period (in months)	12
Number of huts	50
Average Occupancy	50.00%
Tariff rates	3500
Escalation rate	5.00%
Other revenue	40.00%
Financing Structure	
Debt	50.00%
Equity	50.00%
Debt Tenor	10 years
Interest Rate	10.00%

Based on the above assumptions and detailed financial modeling, a snapshot of the cash flow and profit numbers for the project is as below:

		(in INR Mn)	
Year	1	5	10
Room Revenue	31.94	38.82	49.55
Total Revenue	44.71	54.35	69.36
Interest	4.67	3.31	0.69
Profit Before Tax	4.31	9.04	16.92
Tax	1.51	3.17	5.92
Profit After Tax	2.80	5.88	11.00
Total Assets	93.23	96.94	118.42
Net Cash Accruals	9.47	28.13	72.22
IRR	19.59%		
Payback Period (in years)	5.09		

As can be seen, this project generates an IRR in excess of 19% over cash flows assessed over a 10 year period with a payback period of about 5 years. As can be seen, the financials are sensitive to the following:

- **Transaction structure** – The debt terms are indicated in assumptions; however, the lenders would insist on cash flow trapping mechanisms to ensure that the project cash flows are properly utilized and monitored. The lenders might also emphasize on a down side support from the promoters, in case of unproven track record; such a support to taper off and disappear on satisfactory achievement of pre-identified milestones such as DSCR and Interest Coverage ratios, achievement of estimated traffic and revenue numbers etc.

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[1] Figures for key assumptions are only indicative and based average estimates obtained from local property dealers and developers.

- **Sensitivity to terms of debt** - The project is sensitive to debt tenors. In case the project costing is high, or the sustainable level of tariffs are lower than indicated, then debt tenors would need to be enhanced to make the projects bankable.
- **Financial structuring** - Rigorous and detailed financial engineering is mandatory for the project to get commercial bank financing; any inflow from a multilateral and/ or government agency on softer terms can reduce the viability requirements of the project to a limited extent.
- **Project selection** - Not all projects are amenable to commercial financing; nor are all projects required to go through the rigorous process of commercial project financing. Showcase transactions need to be structured that demonstrate the appetite of the sector and financing agencies to work on such projects.
- **Support infrastructure** - The project cost does not include the cost of financing the supporting infrastructure. It would be inequitable in case the entire cost of such facilities is loaded onto the project. The utility providing such service can charge for the services on "pay-per-use" or on a minimum monthly charge basis. The costs can be apportioned over a longer tenure, since the project would be sensitive to upfront costs.
- **Other revenue sources** - The project would have certain other revenues such as guide fees, fee for other eco tourism activities that would augment the revenue stream of the project. Such revenues have been taken into account at 40% for calculation purposes but may vary depending on the actual number of such activities provided by the project.

The key feature of this project is that it will be undertaken on a PPP mode through an extensive focus on community participation not only in decision making but also in equity thus making it perhaps one of the strongest cases for sustainable development. The local community will have up to 10 per cent stake in the project which may be in the form of land and their community services to the project clientele. Realizing the potential of this sector, organizations with knowledge expertise is this arena have been working extensively to promote and develop this concept.

Some Socio-economic and Environmental benefits through PPP approach in this project
- Boost to tourism activity and awareness in the area and eventually the entire state.
- Tourism revenue generated can be channeled in to the management of the protected areas.
- Highlight potential for ecotourism in the region
- Developments in infrastructure
- Tourism could generate local employment, both directly from the tourism sector and from various support and resource management sectors.
- By having equity in the project, the community stands to gain directly from the project and it also can then exercise its decision making powers
- It could stimulate local industry i.e., hotel, restaurants, transport systems souvenirs and guide services. Stimulate investment & generate foreign exchange. It diversifies the local economy, particularly in rural areas where agricultural employment may be sporadic or insufficient
- Opportunities in ancillary and support line of business
- Showcase the environmental, cultural and heritage aspects of Assam
- Promotion of handicrafts and vernacular skills
- Showcase local cuisine and culinary practices.
- Create Goodwill and positive sentiments between visiting communities and hosts
- Raise external sensitivity to the States unique political, environmental, and social situation.
- It serves as an effective educational tool for visitors, creates awareness and instills in them a degree of concern which could perhaps eventually translate in to active support for the conservation of the area, the revenue earned from tourism prompts by convincing government officials and the general public of the value of natural areas.