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FUNDING ACADEMICS

# Companies use CSR to promote research

**Apart from funding scholarships, the idea of promoting centres of excellence is fast gaining traction**

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BENGALURU

Philanthropic capital from business houses has been used to build some of India's finest institutes. Be it Jamsetji Tata, who set up the Indian Institute of Science in 1909, or G.D. Birla, who founded the Birla Institute of Technology and Science, Pilani. In 1964, the institutes they funded are knowledge powerhouses today, responsible for quality education.

But not many companies can afford to get into institution-building on the same scale today as it can cost anywhere between ₹500 crore to ₹1,000 crore to set up such institutes, say experts.

Instead, companies are choosing to use their corporate social responsibility (CSR) funds as a vehicle to build thought leadership in the country through research and by creating centres of excellence. Companies believe this will help them maximize the impact they can create with their limited CSR capital.

Ever since the CSR Rules mandated that companies with a net worth of ₹500 crore or revenue of ₹1,000 crore should spend 2% of their average profit in the past three years on social development-related activities, education has emerged as a favourite area for companies.

About 31% of funds in FY15 went towards education and skills. Now, companies are looking beyond just schools to build-

ing thought leadership in areas that will be relevant to both enterprises and society.

Also, the ministry of corporate affairs is urging companies to be more liberal with the interpretation of the various Schedule VII areas (where companies should spend their CSR money, as specified by the Rules), said Mukesh Kumar, chief programme executive at Indian Institute of Corporate Affairs, a think tank that drafted the CSR guidelines.

The idea of promoting centres of excellence is fast gaining traction with companies, say industry watchers. And, some have chosen areas that are of importance to them.

Companies such as Infosys Ltd, Biocon Ltd, Mphasis Ltd, Bajaj Auto Ltd and even unlisted entities such as Amazon India have adopted the model, and are funding scholarships, helping scholars travel abroad to conduct research in niche areas and, in some cases, supporting infrastructure augmentation.

"CSR funds cannot match the government when it comes to spending on areas like education, health, etc. So, instead of replicating what the government is doing, some companies find it more beneficial to invest in areas that can help get maximum value out of their CSR capital," said Abhishek Humbad, co-founder at NextGen, a Bengaluru-based CSR management firm.

Infosys has for long supported fields such as mathematics and science and now, robotics, through a centre of excellence model where it helps with grants for scholarships, creating chairs to supporting academic research, and building infrastructure in different institutions.

"If we want to compete globally, we can do it only through



Research grant: Students at the Indraprastha Institute of Information Technology in New Delhi. Last year, the Infosys Foundation invested ₹15 crore to set up an Infosys Center for Artificial Intelligence at the institute.

education. And while schools for the poor and in rural areas are needed, we also need to develop thought leadership in the country," said Sudha Murty, chairperson of Infosys Foundation.

In FY16, the Foundation invested ₹15 crore to set up an Infosys Center for Artificial Intelligence at the Indraprastha Institute of Information Technology in New Delhi; an Infosys Ophthalmic and Research Center at Sankara Academy of Vision, Chennai; and a Breast Cancer Research Foundation at Penn Nalam Hospital, Chennai.

Biocon founder Kiran Mazumdar Shaw also took the CSR route to set up the Biocon Academy in 2013, a centre of excellence in advanced biosciences that is aimed at developing talent for the Indian biotech industry. It has been set up as a learning initiative to plug the skill deficit in

the industry. The academy partners with education institutes such as BITS Pilani to impart skills in specialised programmes such as bio-science management, quality control microbiology, among others.

In FY16, it spent ₹2.8 crore or 34% of its CSR funds on this.

Mphasis has picked an area where not much research has happened and is looking to build thought leadership there. "Disability and accessibility is an area where little research has been done with a special focus and an India perspective. Most solutions are very West-oriented," said Meenu Bhamhani, vice-president and head global corporate social responsibility, at Mphasis.

The company has initiated a Digital Accessibility Initiative in partnership with Indian Institute of Management, Bangalore (IIM-B). This centre will be

responsible for researching and developing products and services for persons with disability. IIM-B will provide the resources, while Mphasis will be responsible for financing it through research fellowships and infrastructure support, said Bhamhani.

For the company, the initiative is also of relevance to its business, as 90% of its customers are in the US where they are required to comply with the Americans with Disabilities Act. The initiative will enable Mphasis to drive digital accessibility with its key customers in the US and fulfil a business need, and at the same time create impact in India, Bhamhani said.

Amazon too finds the model to be a preferred route. "As part of our ongoing efforts in the area of education, we recently tied up with Indian Institute of Technology, Hydera-

bad (IIT-H) to support both faculty and students by funding research grants in the master's and PhD programmes. Together with the institution, we co-develop faculty and students, with the focus on promoting innovation in machine learning, big data and analytics," said an Amazon spokesperson.

For the institutes, this source of funding is proving to be invaluable. "I see this as a genuine attempt to create a research climate in the country. There is not enough appreciation for research in the country. There are many niche areas where research is needed and government money is not enough for it. A centre of excellence helps bridge the gap between higher education and advanced research," said Pankaj Jalote, director of IIT-Delhi.

"In healthcare, most of the funds we raise go towards meeting immediate requirements like hospital expansion, equipment, etc. That leaves little room to invest in research. CSR capital from a company helps us focus on training and applied research. While it is possible to raise funds from multiple individual philanthropists for research, it makes it cumbersome to report as their intent and interest may vary," said Dr Kausik Murali, president, Sankara Eye Care Institutions India.

But these initiatives also come with their own set of challenges.

For instance, Murty of Infosys Foundation says it is tough to gauge their true impact. "When we give scholarships, it is easier to determine the impact than when we set up chairs. But we are trying to gauge the impact of the initiative," she said.

Humbad too sees this as a challenge. "It is not a conventional project. Understanding effectiveness is an issue. It is difficult to measure the impact. Moreover, you also need specialised people to run this. And getting that kind of special talent could be difficult," he said.