

CSR as a Catalyst for Inclusive Growth: An Analysis of Challenges and Pathways

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ABSTARCT:

Corporate Social Responsibility (CSR) is a concept wherein companies voluntarily commit to enhancing societal welfare and promoting a healthy environment. To a certain extent, it is mandated by the Companies Act as well. It is the act of donating funds to charitable causes from excess earnings. The paper illustrates the CSR activities undertaken by the top 50 companies over the past four years and the emphasis placed by these companies on CSR reporting. This paper also identified the areas with gaps that require immediate attention; with the active participation of all corporate entities, incentive growth can be achieved at an accelerated rate. CSR contributes to the resolution of social, economic, and environmental issues. Businesses have a moral obligation to contribute to the advancement of society and promote social welfare.

KEY WORDS:

Corporate Social Responsibility, Inclusive growth, development, society

INTRODUCTION:

Over the past few days, there have been significant shifts in the business sector. One of the most important factors in determining the success of a business is the adoption of innovative ideas. In today's world, companies can no longer limit themselves to utilising resources solely for the purpose of achieving their goals. Providing value to the stakeholders is a requirement for the intern. In addition to corporate citizenship, business ethics, stakeholders, inclusive growth, and societal development, the term "corporate social responsibility" (CSR) is frequently used in a variety of other concepts that are complementary to and overlap with one another.

MEANING:

European Union (EU) it describes CSR as, "the concept that an enterprise is accountable for its impact an all relevant stakeholder. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the qualityof life of the workforce and their families as well as of the local community and society at large".

According to the definition that was presented earlier, corporate social responsibility (CSR) refers to the incorporation of social and environmental concerns into the operations of a company in order to guarantee the success of the business. In order to fulfil its obligations, the company must fulfil the requirements and expectations of its stakeholders and customers. The primary objective of corporate social responsibility (CSR) is to achieve three goals: economic development, social development, and environmental development within the context of the operations and growth of the company.

COMPANIES ACT 2013:

The Companies Act, 2013, Clause 135 stipulates that companies must allocate 2% of their profit after tax from the preceding three financial years to Corporate Social Responsibility (CSR). The clause applicable to companies possessing the following qualification: a. Net worth of ₹500 crores or more.

Turnover of ₹1000 crores or greater

Net profit of ₹5 crores or greater

The qualifying company must establish a committee (CSR committee) of the Board of Directors comprising three or more directors.

Need for Inclusive Growth in India:

"Broad-based growth, shared growth, and pro-poor growth" are all examples of what are referred to as "inclusive growth." Is it necessary for India to attain inclusive growth? Without a doubt. Due to the fact that India's population is predominantly rural, achieving inclusive growth is a significant challenge for the country. It is a formidable task to bring the standard of living of more than 1.3 billion people living in rural areas up to the level of the mainstream population. Forty-eight million people in India are considered to be disabled. Through the implementation of inclusive growth, a nation can reduce the rapid escalation of poverty within its borders and increase public participation in the process of the nation's development. The term "inclusive growth" refers to where resources are distributed or allocated in a fair and equitable manner for the benefit of society. For the purpose of resource allocation, it is necessary to give equal weight to both the immediate and the long-term advantages to society. There is a direct correlation between the macroeconomic and microeconomic factors that determine growth, and inclusive growth is a sign of this correlation. When it comes to economic competitiveness, the micro dimension encompasses the significance of structural transformation, whereas the macro dimension is concerned with the Gross National Product (GNP) and Gross Domestic Product (GDP) of the nation. Due to the prevalence of negative factors such as corruption, which constitutes a significant issue in our country, it is difficult to maintain a consistent rate of inclusive growth. A significant problem in our country is corruption. Not only does inclusive growth depend on the implementation of policies and programs by the government, but it also depends on the necessary reforms that are implemented within institutions. A substantial amount of inventory is required in order to accomplish inclusive growth. The concept of company social responsibility has the potential to be beneficial to the economy. The practice of corporate social responsibility has the potential to act as a strategy for inclusive growth.

OBJECTIVES:

1. To ascertain the focal points of corporate social responsibility initiatives in India and analyse the industry-specific contributions to unmet needs.
2. To ascertain the contribution of corporate social responsibility (CSR) by corporations in India.
3. To comprehend the contribution to inclusive growth
4. Analysis of the report to assess the significance attributed by management to social contributions.

LITRATUTRE REVIEW:

Within the scope of their research paper, Arun Das Gupta (2005) makes an effort to locate a framework that emphasises the significance of Corporate Social Responsibility (CSR) in its entirety. To achieve this goal, the paper places an emphasis on the role that major corporations that are operating in India play. It does so by citing a variety of Indian business entities in order to provide direction for the development of a sacrocivic society that is fundamentally based on the promotion of comprehensive human development.

Richa Goutam and Anju Singh (2010): According to the findings of the study, corporate social responsibility (CSR) is now known as an all-encompassing business strategy that is primarily driven by performance factors and the influence of stakeholders. The engagement of companies with their stakeholders and the impact that their operations have on society are both considered to be important issues by businesses. The policies of corporate social responsibility are subject to change depending on

the amount of revenue and profitability.

The research article written by Gahlot Sushmit (2013) focused on the guiding principles that were established by the draft corporate social responsibility rules that were formulated by the Ministry of Corporate Affairs. Additionally, the article examined the industry's response to the mandate. In addition, the discussion encompasses the actions that the society can take in order to maximise the benefits that are derived from the expenditures made by the company.

RESEARCH METHODOLOGY:

There are fifty companies that are selected for the study of corporate social responsibility activities. These companies are all listed on the National Stock Exchange and are included in the Nifty index. As a result of their standing as top performers, it is anticipated that these businesses will make a contribution to the demographic of those who are disadvantaged. There have been contributions made to a variety of essential sectors that are specific to the industry. The information taken from the annual reports of Indian companies that are listed on the NSE over the course of the past four years. We chose only fifty of the most significant companies from the National Stock Exchange (NSE) in the following categories: manufacturing, software, steel, consumer products, finance, electronics, and banking. Using data from a wide variety of publications, including journals, articles, websites, and YouTube channels, this paper is based on the Profit and CSR reports of fifty companies that have been listed on the NSE over the course of the past four years.

ANALYSIS:

In order to carry out the analysis, secondary data are utilised. A total of fifty companies that were included in the Nifty computation as of October 20, 2017 provided their annual reports, which were then used to compile information regarding their contributions to social needs. In the annual reports and CSR reports of fifty Indian companies that are listed on the National Stock Exchange (NSE), a study was conducted to investigate the corporate social responsibility (CSR) contributions, engagement, and significance of CSR initiatives over the course of the past four years.

Findings:

Table 1: Industry wise list of companies listed in Nifty:

Focus on different areas of CSR initiatives									
CSR Initiatives	Banking	Software	Automobile	Manufacturing	Iron & steel	Electronic	Telecommunication	NBFC	Consumer goods
Poverty		✓		✓					
Education	✓	✓	✓	✓		✓	✓	✓	✓
Health & safety	✓	✓	✓	✓				✓	✓
Child welfare			✓	✓					✓
Women empowerment	✓			✓					✓
Environment	✓		✓		✓	✓	✓		

Slum improvements									✓
Agriculture			✓						
Sanitation				✓		✓			
Human rights	✓					✓	✓		
Swatch Bharat	✓	✓		✓	✓	✓			✓
livelihood			✓		✓				
Sports	✓				✓		✓		
Rural development	✓	✓	✓		✓	✓	✓		
skill development of youth	✓			✓		✓		✓	✓
Conservation of natural resource			✓	✓					✓
Inequality				✓	✓				
Defence (Army)	✓	✓							
Social responsibility		✓			✓				✓

The aforementioned table illustrates the responsiveness of Nifty companies to social issues by industry. Among the 19 distinct CSR initiatives, education holds paramount significance, followed by health and safety, and Swachh Bharat. Companies recognized the importance of enhancing the quality of the education system. Attention is devoted to national defence, as it is considered a paramount responsibility. The banking, industrial, software, and automobile sectors contribute variably. A notably timid contribution is observed in the case of NBFC.

Table 2: Net profit and CSR contribution of NSE 50 companies over the last 5 years.

Net profit of preceding 3 years and CSR contribution report of the companies. (Incrores, otherwise it stated)

Company name	2013-14		2014-15		2015-16		2016-17	
	Profit	CSR (2%)						
INFOSYS	9116	182	8920	243	12164	256	12693	256
JSW STEEL	1335	26.7	2166	42.9	3498	51.2	3577	23.07
COLGATE	539	10.8	558	13.2	581	14.2	577	15.46
DLF	526.8	10.5	940.1	18.8	1497	10.4	596.6	6.85
ICICI BANK	83.25B	166.5B	111.75B	223m	97.26B	2012M	98.01B	2M
ITC	4117	82.3	5332	107	10703	214	13798	276
CIPLA	1386	27.7	1388	34.9	1181	23.6	1398	33.38
BHARATH. E	93.16	-	116.7	23.3	130.7	26.1	154.8	30.95
BAJAJ.F	3110	541	4073	719	5478	898	7418	148



BAJAJ.A	3044	60.9	3243	56	2184	87	3828	95
ASHOK LAYLAND	4.33	8.66	2.93	5.86	3.34	6.68	3.89	7.78
HUL	3797	-	3867	82.4	4597	91.9	4490	101.2
ASIAN PAINTS	1169	23.4	1327	26.5	1623	32.5	1623	32
AXIS BANK	6218	87	7357	134	8224	163	3679	73.58
BOB	81 L	-	1.7	0.34	6.08	0.12	13.8 3	0.27
COAL INDIA					23.9 7	0.47	39.6 4	1.02
B. AIRTEL	2275 7	455.1	2772 7	555	5183 5	1037	6076 7	1215
Sun TV Network ltd	717	3.25	737. 2	10.75	869. 7	21.4	979. 4	23.55
HDFC BANK	8478	170	1021 6	119	1229 6	195	1455 0	305.4 2
TATA STEEL	6412	171	6439	168	4901	195.6	3445	194
WIPRO	7387 4M	160 M	8652 8M	1327 M	8907 5M	1598	8489 5M	1764 M
TECH MAHINDR A	2688 5	-	2256 2	30.88	3047 3	41.4	3047 3	60.9
TATASONS ULTANCY	1847 5	273	1925 7	285	2288 3	366	2365 3	375
LIC HFL	63.0 5	1.26	125	2.5	129	2.58	637. 47	12.74
ULTRATEC H CEMENT	2144 .5	42.88	2014 .7	40.29	2370	47.4	2628	52.56

Oracle financia0l services software ltd	1359 3	27.18	1192 3	11.93 m	1048 9	24.84 m	1185 4	33.71 m
TATAMOT OERS	334. 52	6.69	-474	9.79	234. 23	4.68	- 2429 .6	48.58
HERO MOTOCOR P	2865 .9	57.31	3326 .7	66.53	4399 .8	87.99	3685 .4	73.7
L&T LTD	5493	109.9	5056	101.1	5000	100	5454	109.0 8
oil natural gas	2209 48	4419	1773 30	3546	1707 3	341.5	1790 00	3580

kotak consultancy services	19164	383.3	21912	438.2	8407	168.1	26289	525.78
reliance capital	102667	20.53	757	15.14	1626	32.51	1641.8	32.83
bharath heavy industries	3461	69.22	1419	59.36	-709.6	14.19	4963	37.5
NHPC	978.79	37.88	2124.5	52.24	2433.1	72.68	2803.3	75.82
SBI	10891	217.8	5767.2	115.3	284	5.68	390	7.8
Tata power	954.08	19.08	168	3.36	1067	21.34	283	5.66
Hindalco industries	233	4.66	925.16	1835	34318	686.4	1556.9	31.13
OIL INDIA LTD	2981	72.89	2510.2	133.3	2330.1	88.31	1548.7	75.81
PNB	3343	66.86	3062	3.75	-3974	6.76	1325	2.72
Vodafone idea	1689.31m	33.78	2809.84m	56.19m	2646.29m	52.92m	831.08	39.6mn
Marico	485.38	9.7	573.5	11.47	724.8	10.02	810.3	13.151

Kotak Mahindra bank	2511.5	50.23	3920	78.4	931.6	18.63	3411.5	68.23
Rural Electrification Corporation ltd	2981	72.89	2510.2	133.3	2330.1	88.31	1548.7	75.81
HCL Technologies ltd	5984.6	119.7	6346	89.99	4789.3	122.1	7278.3	129.16
ABB Ltd	2787	55.74	2594	51.88	1933	38.66	1899	146.28
Abmbuja cement ltd	1295	25.9	1496	38.4	808	40.48	932	59.37
Aurobind pharma Ltd	1172.9	23.45	1516.4	8.13	1626.7m	184.9	1706.7.6m	194m
Dr. Reddys laboratories ltd	1677.8m	198.6m	1679.4m	292.2	1354.5b	411.8	1384.1b	426.3
Power Grid	4497.4	89.94	4979.2	99.58	6026.7	120.5	7570	151.39
Yes Bank	3956	123	5212	400.8	6760	477.5	8874	600.1
		.1		.8			.8	7

Table 2 is derived from the annual reports of NSE 50 companies over the past four years. A positive correlation exists between profit and CSR contributions. Corporate Social Responsibility facilitated the establishment of goodwill and recognition for the companies. The five-year trend of contributions to CSR indicates a positive impact on financial performance. Thirty-one companies exceeded the mandatory requirements, which is a positive indication. This will significantly aid in diminishing the disparity between the affluent and the impoverished. This represents a collaborative advancement towards sustainable development.

Table 3: content analysis of 50 companies' annual reports focuses on Education and Environmental sectors

Response to Education & Environmental concept	No. of years	No. of Companies contribution towards CSR	
		Education	Environment
	5	42	36
	4	6	8
	3	-	-
	2	-	3
	1	-	-
Chairmen's Statement		38	
Directors Reports		48	
Annexure to director's report		29	
Profit and loss account		-	
Both directors and chairmen report		42	
Both education and Environment		12	
Descriptive		4	
Quantitative		-	
Both descriptive and quantitative		45	

Content analysis:

Content analysis is conducted using annual report information to ascertain perceptions regarding the significance of CSR. Various reports included in the annual reports are analysed. Content analysis is conducted to assess the significance attributed by the company to educational and environmental matters. The study conducted from 2013-14 to 2016-17 revealed that nearly all companies, 42 out of 50, representing 84%, prioritised education over the past five years, while 36 out of 50 companies, accounting for 72%, did so during the same period. Thirty-eight out of fifty companies included this in their chairmen's statements, resulting in a total of 76%. Forty-eight out of fifty companies also referenced corporate social responsibility in their directors' reports. This illustrates the increasing significance of CSR in reporting.

ISSUES AND CHALLENGES:

This study indicates that many companies positively contribute to CSR; however, some companies focus their contributions on specific areas. Some companies prioritise customer satisfaction, perceiving Corporate Social Responsibility as a peripheral concern for their business. Numerous companies focused exclusively on the domains of education and environment. Agriculture, defence, poverty alleviation, sanitation, and slum enhancement are critical areas that companies have not prioritised.

Recently, Corporate Social Responsibility (CSR) has emerged as a fundamental aspect of business, garnering the attention of company management. The companies recognised that CSR contributions are a vital instrument for enhancing their corporate image in the business realm. Companies have discovered that their influence on the economic, social, and environmental sectors directly affects their relationships with investors, employees, and customers. While the primary objective of the company is profit maximisation, it can simultaneously foster social, environmental, and economic development through Corporate Social Responsibility as a strategic investment in its business strategy. One of the primary challenges for companies today is attracting and retaining skilled workers. There are no explicit statutory guidelines or policy directives to provide adequate direction for a company's CSR initiatives. The

magnitude of corporate social responsibility initiatives should correlate with the size and profile of the company; thus, larger companies tend to implement more extensive CSR programs. Not only does CSR enhance the image of companies, but it is also significant for employees.

Conclusion:

This study reveals that companies in India exhibit a positive response to CSR, and their involvement in CSR activities has increased. This study demonstrates that Indian companies have expressed their support for CSR initiatives. Education, rural development, Swachh Bharat, and environmental issues are of paramount importance. Among the companies studied, they recognise that a CSR policy is an essential component for achieving business objectives and enhancing leadership. Government assistance in executing CSR initiatives will facilitate the mobilisation of private and public sector funds for the nation's inclusive growth. The focus on poverty, slum enhancement, and child welfare is inadequate. A gap has been identified in these areas. It is necessary to develop effective policies and implement various instruments. Corporate Social Responsibility can be executed as an optimal strategy for inclusive growth.

Scope for further research:

This study pertains to the Indian companies listed in Nifty. Future research may focus on identifying gaps in other areas that require immediate attention.

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