

Corporate Social Responsibility and Industrial Development in India

Mr. Nand Kishor

Assistant Professor

Department of Labour and Social Welfare (LSW)

Parwati Science College Madhepura,

B.N. Mandal University Madhepura,

Bihar-852113, India

Abstract

CSR in India has gone beyond just charity and donations and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Most of the Companies have CSR teams that develop specific policies, strategies and goals for their CSR programs and set aside budgets to hold up them. These CSR programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the companies' business expertise. Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction more important for them therefore they sideline the priorities of CSR.

Introduction

The Corporate Social Responsibility concept in India is governed by Section 135 of the Companies Act, 2013 and Rules made there under wherein the criteria has been provided for assessing the CSR eligibility of a company, Implementation and Reporting of their CSR Policies. India having the most elaborated CSR mechanism and implementation strategy has started its journey to set a benchmark in attaining sustainability goals and stakeholder activism in nation building. Corporate Social responsibility (CSR) is continuing commitment by businesses to integrate social and environmental concerns in their business operations. Prior to Companies Act 2013, CSR in India has traditionally been seen as a philanthropic activity. In keeping with the Indian tradition, it was believed that every company has a moral responsibility to play an active role in discharging the social obligations, subject to the financial health of the company. In India many companies practicing the Corporate Social Responsibility (CSR) for decades, long before CSR become a popular basis. A handful corporate houses are dedicated and practicing the CSR as they are dictated by the very basis of their existence. It is observed that many companies are promoting their CSR activities and uses it as a tool for marketing. This denotes that the companies are far from perfect as the emphasis is not on social good but rather as a promotion policy. As per United Nations and the European Commission, Corporate Social Responsibility (CSR) leads to triple bottom-line: profits, protection of environment and fight for social justice. It is expected that Civil society, activist groups, Government and corporate sectors should work together to create appropriate means and avenues for the marginalized and bring them to the mainstream. The success of CSR lies in practicing it as a core part of a company's development strategy. It is important for the corporate sector to identify, promote and implement successful policies and practices that achieve triple bottom-line results.

Need of CSR

CSR has become increasingly important because today's heightened interest in the proper role of business in society has been promoted by increased awareness of environmental and ethical issues. Issues such as environmental damage, improper treatment of workers, and faulty production leading to customer inconvenience or danger are being highlighted during the last decade; elsewhere, investors and investment

fund managers have began to take account of a firm's CSR policy in making investment decisions; some consumers have become increasingly sensitive to the CSR programmes of the firms from which they buy their goods and services.

Emerging Challenges of CSR

Clearly society expects many things from the corporate sector. Different stake holders place varying demands on organizations. Such demand varies over the time in different contexts. The primary expectation centres on wealth creation or profit function of the enterprise. But this is not the only expectation. Beyond, this, consumers continue to demand products that are safe, reliable and useful. Services that is responsive to the changing needs, advertising that is honest and informative. The public at large expects business to help project the physical environment and the health and safety of all those who are exposed to dangerous technologies or substances. Issues such as corporate power, corporate compliance, corporate activities and corporate disclosures of information will continue to concern an increasing number of people in the community. Emerging multipurpose corporations will demand multipurpose goals and synergistic policies that accomplish more than a single goal at time. This compels organizations to develop new measures of performance. Instead of focusing on the single bottom line of profits as in the past, organizations are expected to focus attention on multiple bottom lines-social, environmental, political and ethical-which are all interconnected.

Different Opportunities for Stakeholders

Corporate social responsibility (CSR) is an important function to speed up the process of overall development in nation-building. India is the second most populous country in the world, need of basic amenities, needs of more intensive efforts as part of CSR. It covers the length and breadth of the country. As of the growing size and power of multinational corporate houses, bond rating agencies and investment funds are exerting increasing influence. Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include:

Benefits of CSR for Corporate, Environment, Community and the General Public

Corporate social responsibility (CSR) have significant benefits like Improved financial performance, Lower operating costs, Enhanced brand image and reputation, Increased sales and customer loyalty, Greater productivity and quality, More ability to attract and retain employees, Reduced regulatory oversight, Access to capital, Workforce diversity, Product safety and decreased liability for corporate. Benefits for communities like charitable, contributions, Employee volunteer programmes, corporate involvement in community education, Product safety and quality. Environmental Benefits are Greater material recyclability, Better product durability and functionality, Greater use of renewable resources, Integration of environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labelling.

Top Indian Companies for CSR in 2019

Tata Chemicals Ltd. Tops List of Indian Companies for CSR

Although the prescribed CSR for 2018-2019 was 19.86 Crores, the company went on to spend 25.68 crores. For Improving the quality of life and fostering sustainable and integrated development in the communities where it operates is central to Tata Chemicals' corporate philosophy. Tata Chemicals spends INR 12 crores on CSR annually, and wildlife conservation accounts for 30 per cent of the budget of the TCSR. Spend is distributed over the three places the company has operations, Mithapur in Gujarat, Haldia in West Bengal and Babrala, Uttar Pradesh.

Infosys Ltd.

Digital services and consulting conglomerate Infosys Limited spent INR 342 crores as against its prescribed CSR expenditure of 340 crores (2% of the net profit of INR 17,018 Cr) towards various schemes of Corporate Social Responsibility. The company implements social development projects primarily through its CSR trust, the Infosys Foundation established in 1996. The Foundation primarily works with nongovernmental organizations as the nodal agency for implementing projects.

Bharat Petroleum Corporation Ltd.

Bharat Petroleum Corporation Limited (BPCL) is a Government of India's controlled Maharatna oil and gas company headquartered in Mumbai. The CSR budget of INR 146.87 crores from the financial year 2017-18 was carried forward next year (FY 2018-19). BPCL's CSR philosophy also includes participation in projects of national importance like the Swachh Bharat Abhiyan involving creation and maintenance of toilets, associated sanitation facilities, Waste Management initiatives leading to overall health and hygiene for the communities.

Mahindra & Mahindra Ltd.

Mahindra & Mahindra spent INR 93.50 crores on CSR initiatives during the financial year 2018-19, according to the annual report published by the company. The company spent INR 8.36 crore on Project Nanhi Kali, which provides educational support to underprivileged girls in India through an afterschool support programme. M&M also supported a pilot project for Project Nanhi Kali 2.0, which will help aspiring girls to complete their graduation as well as achieve proficiency in spoken English and digital literacy. M&M sponsored its 20th Lifeline Express (hospital on a train) in Arrah Bihar, through which medical care, treatment, and surgical intervention was provided to 11,119 individuals. Through Mahindra Hariyali 0.95 million trees were planted which contributed to improving green cover and protecting bio-diversity in the country.

ITC Ltd.

ITC Limited is an Indian multinational conglomerate company headquartered in Kolkata, West Bengal. The Company has spent more than the prescribed CSR budget in the last three financial years. In FY 2018-19, ITC Limited spent INR 306.95 Crores. ITC is among the top Indian companies for CSR because it believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models. In line with this belief, ITC crafts unique models to generate livelihoods and environmental capital. Such Corporate Social Responsibility projects are far more replicable, scalable and sustainable. The Company partnered with BAIF Development Research Foundation, Pratham Education Foundation, Ramakrishna Mission, Bandhan Konnagar, SEWA Bharat, and Foundation for Ecological Security, ITC Sangeet Research Academy (ITCSRA), ITC Rural Development Trust and CII-ITC Centre of Excellence for Sustainable Development to implement CSR programmes.

Ambuja Cement Ltd.

Ambuja Cement Foundation (ACF) - the corporate social responsibility arm of Ambuja Cement has been pivotal in advancing the company's objective to be a socially responsible corporate citizen. Ambuja Cement Foundation (ACF) aims to Energies, Involve and Enable Communities to Realize their Potential' through its initiatives. These development initiatives address the needs of the people by working with the beneficiaries, NGOs and the government. ACF is functional across 12 states covering 22 locations in India and has succeeded in bringing about change in the lives of 1.5 million people. A full-fledged Research and Monitoring Unit, along with numerous external, independent studies show significant change in income

levels, health indicators and overall harmony and happiness. Ambuja Cement Foundation plans to spend Rs 125 crore, including Rs 40 crore in Rajasthan, towards corporate social responsibility in the current fiscal. Pearl Tiwari, Director and CEO, ACF also informed that the annual increase in the CSR budget was around 10-15 per cent.

Tata Motors Ltd.

Auto brand Tata Motors Limited went beyond compliance and spent INR 22 crores towards various schemes of CSR. The CSR spend amount excludes INR 2.99 crore donated to Tata Community Initiative Trust (TCIT) for repair of infrastructure. Health, Education Employability and Environment are major area of works where most of CSR amount has been invested.

Vedanta Ltd.

Vedanta Limited on a consolidated basis spent INR 309 crores on social investments and CSR (Corporate Social Responsibility) activities. This is 26% more than the previous year's Rs. 244 crores. This money is spent across 1,169 villages, benefiting nearly 3.1 million people. Vedanta has a large and complex CSR portfolio with multiple and diverse projects running across various locations. There are 10 broad thematic areas under which, it undertakes community development projects. The Nandghar Project is among the flagship initiatives, which aims to re-build Aanganwari for ensuring the health and learning of children in rural areas, and also for becoming a platform of women's empowerment and skilling.

Hindalco Industries Ltd.

Hindalco Industries Limited is the metals flagship company of the Aditya Birla Group. Consolidated turnover of US\$18.7 billion, Hindalco is the world's largest aluminium rolling company and one of the Asia's biggest producers of primary aluminium. Hindalco Industries went beyond compliance and spent INR 34.14 Cr, which is a higher figure than the prescribed INR 29.97 Cr. The Company supports education, healthcare, sustainable livelihood, infrastructure development and social reformation under Corporate Social Responsibility (CSR) with 12 Lakh beneficiaries in more than 730 villages across 11 states in India. Hindalco has spent the highest amount of INR 10.99 crore on education sector among all its CSR initiatives.

Toyota Kirloskar Motor India

As a socially committed corporate, Toyota Kirloskar Motor India has actively contributed towards the "Swachh Bharat Abhiyan". The company has constructed more than 650 units of sanitation facilities in 206 government schools across India, of which 125 units are located in Varanasi, 426 units in Ramanagara district in Karnataka and 125 units in Vaishali in Bihar.

Indian Oil Corporation Ltd.

Indian Oil has been actively engaged in a gamut of social welfare activities across the nation, in addition to reaching essential fuels viz. kerosene, LPG, petrol, diesel, etc. to all corners of the country. For the year 201819, entire CSR budget allocation of INR 490.60 crore was spent on projects in the core areas mentioned below. Indian Oil's key CSR thrust areas include: Safe drinking water and protection of water resources, Healthcare and sanitation, Education and employment-enhancing vocational skills, Empowerment of women and socially/economically backward groups. The CSR projects of Indian Oil are undertaken mostly for improving the quality of life in various communities, which invariably include marginalized / underprivileged sections of the society.

Wipro Ltd.

Wipro Foundation, a separate trust set up in April 2017, Wipro Cares, the trust for employee contribution and in some cases, directly through functions and groups within Wipro Ltd e.g. Biodiversity projects

for their campuses. The majority of projects are long-term multi-year programmes. Wipro's work in primary health care from 6 projects across four states touches the lives of more than 70,000 people. Apart from providing regular health services, the emphasis is also to build the capacity of the communities in terms of higher awareness and developing a higher degree of self-reliance to handle their own primary health care needs. In terms of disaster management, Wipro has helped rebuild the lives of people affected by Karnataka Floods, Bihar Floods, Odisha Floods, the Japan Tsunami, Hurricane Sandy and Philippines Cyclone.

Tata Power Company Ltd.

Tata Powers are India's largest integrated power company. It has always undertaken various initiatives with an aim to improve quality of life and ensure holistic development of its surrounding communities. They deploy development initiatives to incubate, implement and multiply diverse community-based projects and interventions, to help, build a better and sustainable society through Tata Power Community Development Trust (TPCDT). The underlying goal of the interventions is to transform the lives of the community through result oriented participatory approach. The efforts are directed towards inclusive growth, so as to reach out to its nearby communities and help them build a sustainable future. All their community development projects work with the concept of 'Leadership with Care' at our heart, which translates as 'Care for Community'.

Reliance Industries Ltd.

Reliance Industries Limited spent INR 904 crores on CSR programmes and projects during the financial year (FY) 2018-19, as per the Annual Report. CSR activities of the Company are carried out under the aegis of Reliance Foundation. The foundation has touched the lives of 26 million people through various platforms. Reliance's initiatives in the areas of Rural Transformation, Health, Education, Sports for Development, Disaster Response, Arts, Culture and Heritage, and Urban Renewal. Keeping with the Sustainable Development Goals (SDGs) outlined in the United Nations 2030 Agenda for Sustainable Development and India's National Developmental Goals. Its social initiatives are based on a three-pronged strategy, direct engagement with the Community, Forging Partnerships and Collaborations, and Leveraging Technology.

Ultra Tech Cement Ltd.

India's biggest cement company, Ultra Tech Cement Ltd spent INR 74.96 crore on CSR initiatives during the financial year 2018-19. It was over and above the prescribed limit of INR 61.18 crore. The company is part of the Aditya Birla Group and a division of Grasim Industries. The CSR activities are carried out through The Aditya Birla Centre for Community Initiatives and Rural Development. It is engaged in working towards the betterment of 2500 villages across India, out of which 300 villages have been zeroed in on, in the hope of turning them into model villages.

Hindustan Zinc Ltd.

Developmental challenges are complex and can never be addressed through lone efforts. Hindustan Zinc Limited (HZL) lie efforts to forge multi-stakeholder partnerships, connected by a common core value of 'Trust' where stakeholders like government, civil society, business, academia, and of course local communities can work together. The core focus of Hindustan Zinc CSR interventions are 184 villages located around our operations, across 66 Gram Panchayats in 12 thesis spread across Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer districts of Rajasthan.

Tata Steel Ltd.

Tata Steel Ltd spent INR 315 crore on its CSR initiatives during FY 2018-19, with an aim to touch more than 2 million lives by 2025 through CSR initiatives. Tata Steel's CSR strategy looks at establishing replicable change models which impact core development gaps across India and enhance thematic development focus on communities in operating areas. Projects like health, drinking water, sanitation, education, livelihoods and infrastructure meet community needs. With a keen interest in encouraging quality healthcare in India, the company started Maternal and New Born Survival Initiative (MANSI). This focuses on working with pregnant women, mothers and children on the issue of infant mortality through partnerships with the government, national and international nonprofits. Healthcare CSR programmes cover the regions of East Singhbhum, West Singhbhum, Dhanbad, Ramgarh in Jharkhand, Ganjam, Jajpur, Kendujhar, Sundargarh in Odisha, Mumbai in Maharashtra, Kolkata and West Bengal.

Hindustan Unilever Ltd.

Hindustan Unilever Limited (HUL), has spent INR 126.45 crore as against its prescribed CSR expenditure of INR 124.19 crore (2.4% of Average Net Profit of the Company for last 3 financial years of INR 6209.71 Crore) during FY 2018-19 towards various schemes of CSR and Sustainable Development programmes. According to the company's annual report, HUL believes in delivering long-term sustainable growth, while reducing its environmental footprint and increasing its positive social impact. The company has various flagship programmes including Water Conservation Project, Swatch Bharat, Project Shakti, Handwashing Behaviour Change Programme, Plastic Waste Management, Project Prabhat, Domex Toilet Academy, Asha Daan, Sanjeevani and Supporting Healthcare, in which majority of CSR funds have been invested.

GAIL (India) Ltd

GAIL (India) Ltd was incorporated in August 1984 as a Central Public Sector Undertaking (PSU) under the Ministry of Petroleum & Natural Gas. CSR initiatives at GAIL cover a wide spectrum of welfare and developmental activities spanning across various focus areas and are mostly undertaken in and around our major work centres.

Larsen & Toubro Ltd.

Larsen & Toubro is a major technology, engineering, construction, manufacturing and financial services conglomerate, with global operations. Larsen & Toubro (L&T), in consultation with experts, Identified water-stressed village clusters in Rajasthan, Tamil Nadu, Maharashtra and Gujarat and now works in three states. The project covers 11,006 households, and an area of 9,337 hectares in these states. As India's leading builder of major infrastructure projects, L&T is among leading Indian companies for CSR equally committed to developing projects that will contribute to the quality of life. This includes schools, hospitals, skill training institutes, water supply & distribution and sanitation facilities. Larsen & Toubro's CSR activities comprise:

CSR activities

- Ensuring availability of safe drinking water and water for agriculture, constructing and ensuring use of toilets, and electrification of villages (off-grid renewable),
- Improved access to education (increased enrolment in pre-school, children attending neighbourhood schools) and improving quality of learning through better school infrastructure and better teaching-learning processes.
- Improved access to quality health care, through expanding infrastructure of health centres, increased number of people accessing quality health care.

- Skill building through Construction Skills Training Institute (CSTI). Enhancing employ-ability of youth through increased training capacity, improved infrastructure of skill development centres, as well as vocational training courses for women and physically challenged persons.

Conclusion

Overall corporate social responsibility is a process in which all companies come together as one and take part for the benefit of the society. It is often referred to as business responsibility and an organization's action on environmental, ethical, social and economic issues. That's why majority of the Indian corporate/companies involved in the different CSR activities for the betterment of the society. Companies with high CSR standards are able to exhibit their responsibilities to the stockholders, employees, customers, and the public in general. In India we have some reputable names those involve for along in CSR activities to ensure the same employment opportunities, product safety, worker safety, and environmental protection.

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