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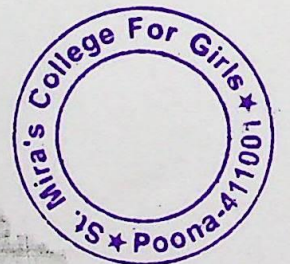
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**CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE COMMUNITY
INVOLVEMENT IN INDIA: TOWARDS SUSTAINABLE COMMUNITY DEVELOPMENT**

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Abstract.

There is much happening on the CSR front since its implementation. The CSR spending is directed towards a developmental goal and the corporate sector is channelizing their energies to effectively deliver on the goals. The CSR spends have grown in size as well as the number of contributors. The CSR is one such policy where the contributors themselves can direct the objectives as well as the outcomes; not just mere tokenism but sincere sustainable community development.

The paper makes an attempt to assess the CSR spends moving in the various designated sector. The paper concludes that the corporate sector in India can bring about a change in the ground realities with bold and innovative moves and move into spaces beyond the areas prescribed and complement the government wherever it has not been able to reach out in an impactful manner.

Keywords. Corporate Social Responsibility, Corporate Community, Stakeholders, Sustainable Development, Community Outreach

Introduction

Corporate Social Responsibility (CSR) is the mode to impact the relevant stakeholders; it is the commitment to behave fairly and responsibly, a commitment to development, to make an impact to the lives of the workforce, their families and the locals in particular and society at large. The CSR Funding for action and work in the social sector can be one such rare opportunity.

The provision for Corporate Social Responsibility Rules, 2014 under the Companies Act, 2013 has opened a floodgate of funds for the social sector, funds never seen before. Though the CSR fund will be incremental in nature, size and scope with the passage of time, in comparison to the foreign funding, this seems to be a paltry sum.

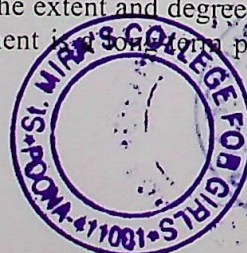
CSR Rules in India

The Ministry of Corporate Affairs, Government of India, notified the Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 referred to as "CSR Rules" and other notifications related thereto with effect from 1st April, 2014. The concept of CSR highlights the company's relationship with its stakeholders, going much beyond the concept of philanthropy and the need to go beyond communities. CSR promotes greater transparency and disclosure, further aiming at changing corporate philanthropy.

The legal enforcement of the CSR movement dismisses the misconception that companies often believe in- CSR as purely corporate philanthropy. CSR is a new corporate strategic framework; it concerns with treating shareholders ethically or in a more socially responsible manner. It is not about charitable donations for a good cause nor is it about investment in developing countries to take advantage of cheap labour or resources, initiating new products for developing countries, all the impacts upon profits of an organization. It concerns more about activities that promote and encourage sustainable development. The broad aim of development should trickle down to a company's bottom-line. Often shareholders eye short-term profits; however, it is in the long-run that companies realize that poor development does not ensure their sustainability either.

Review of Literature

Claudio Schuftan (1996) elaborates in detail on how community development approaches have to be worked upon in terms of service delivery, capacity building, advocacy and social mobilization and at the same time, working on the extent and degree of empowerment of the community. It is an established fact that empowerment is a long term proposition with persistent and continuous



efforts and not an outcome of a single action or event. The author also warns that community development need not always be rewarding; it may have negative repercussions.

Muthuri (2007) highlights that the community has emerged as an important and strategic stakeholder and the corporates have emerged in the role of a corporate citizens. Though corporate donations and corporate philanthropy have been in focus in the past, a shift is noted towards corporate social investment. Empirical research has shown that corporate community development is evolving through different forms of participation, with corporate community development moving beyond corporate philanthropy.

Matten & Moon (2008) in their study bring out the concept of 'implicit' and 'explicit' CSR. Corporation take into account societal interests and concerns within the wider formal and informal institutions in case of 'implicit' CSR. While 'explicit' CSR is about corporate policies with focused societal interests in mind. Explicit CSR is more about voluntary policies and programmes with social and business values in mind and shouldering of social responsibility by the corporates. Implicit CSR is more a reflection or may be a reaction of institutional environment of the corporates. It is explicit CSR that is gaining momentum across the world. Though government are making efforts to improve living conditions in developing countries, efforts are falling short. It is here that explicit CSR can offer more concrete and normative solutions with greater role and responsibility in community development and empowerment.

Empirical research is emerging on the CSR story in India since its inception. The How and Where about the CSR Funds is much researched and debated. However, it is too early to make an assessment of the impact of the CSR Rules and Corporate Community Involvement. However, Arora and Puranik (2004) highlight how Indian Companies have gradually shown a shift from implicit to explicit CSR much before the implementation of the CSR Clause in 2014, citing the emergence of non-family companies.

Data & Methodology

This is a preliminary study, as it is too early to review the CSR Policy and its impact. There are CSR Policy Analysis Reports that make assessments on Amount of CSR Funds, the number of companies and projects, the States in which the CSR Projects are highest, the methods of CSR Spends, etc. Gradually, empirical research to evaluate CSR Policy would be possible after almost five years of implementation. At the same time, CSR Policy is also undergoing review with the Government asking various stakeholders for suggestions.

The paper makes an attempt a review of the CSR Policy is being implemented in India since 2014; the direction and areas in which the CSR spends in general and with special reference to Health, as Health is one of the areas specified under Schedule VII of the CSR Rules. There are reports available in the public domain on how and where the CSR expenditure is going. A review of eligible CSR companies is undertaken through a study of CSR Reports of manufacturing and IT companies. In order to study the CSR spends and their movement, companies were identified that qualified for the CSR contributions. With the help of the annual reports, an attempt is made to track the CSR expenditure of 15 manufacturing companies and 15 IT companies. A review is made for a period of three years after the implementation of CSR Rules, from 2014 to 2018.

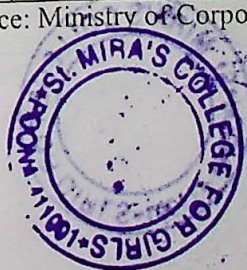
Observations

The key trends that have emerged across the four years, since 2014-15 are as follows:

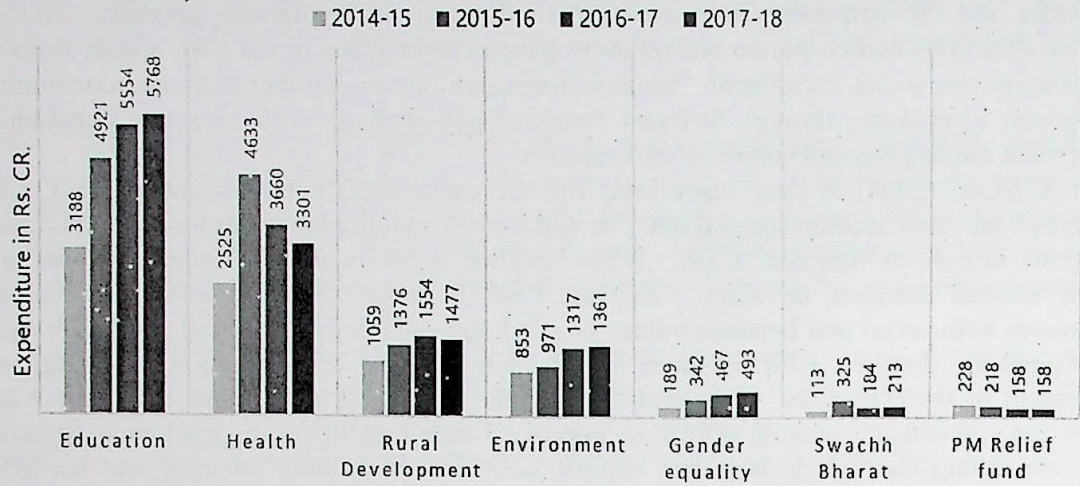
- i) Trends in CSR Funds: The total CSR spend has been increasing over the years since its inception, though a minor decline is noticed in 2017-18.

Years	Total CSR Expenditure in Rs. Cr.
2014-15	10066
2015-16	14517
2016-17	14330
2017-18	13624

Source: Ministry of Corporate Affairs

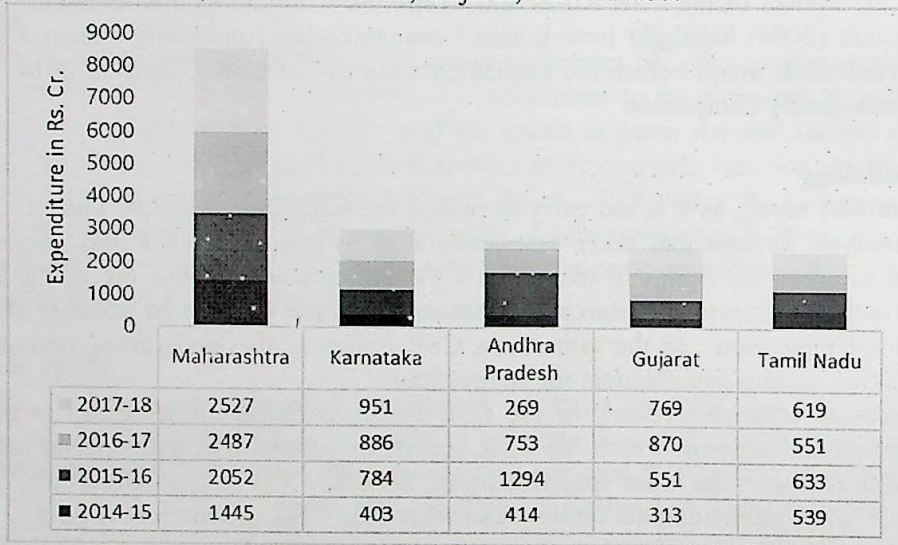


ii) Sector-wise CSR Funds: The top two sectors receiving CSR funds have been Health and Education. Over the years, rural development has seen an increase in spends, but overall Health and Education continue to dominate CSR expenditure.



Source: Ministry of Corporate Affairs

iii) Top States: The top 5 States in terms of CSR expenditure across the 5 years, have been Maharashtra, Karnataka, Andhra Pradesh, Gujarat, Tamil Nadu.



Source: Ministry of Corporate Affairs

It is observed in the review of companies made for the study that CSR Spends flow to the following areas- Education, Health, Gender Equality and Funds to PMNRF. Education and Health are able to receive most of the CSR funds, however, it is observed that the funds are going to building infrastructure in the two areas.

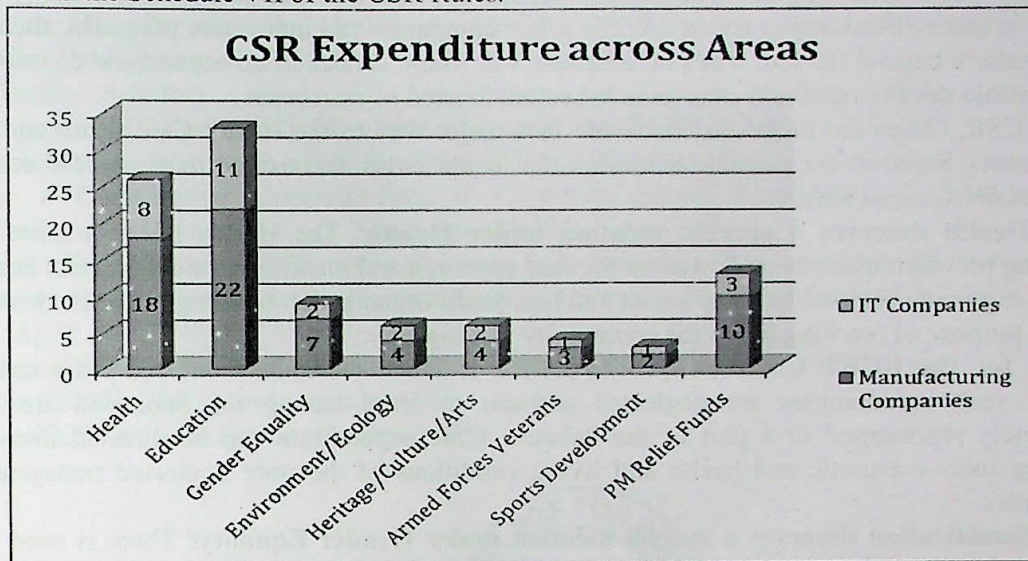
LIST OF COMPANIES

Auto Companies	Auto Companies	IT Companies	IT Companies
Apollo Tyres	Hero Moto Corp	Acer	Mind Tree
Ashok Leyland	Hindustan Motors	Bosch	MPhasis
Bajaj Auto	JK Tyres	HCL Technology	Oracle
BMW India	M&M	Hexaware	Persistent Systems
Ceat Tyres	Maruti Suzuki	I Gate	TCS
Eicher Motors	Sundaram Clayton	Inf...	Tech Mahindra
Force Motors	Tata Motors Limited		Wipro



	TVS Motors	L&T	
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The CSR Reports of the sampled companies state that they are spending a major part or sometimes even the whole on Health or Education, however, the CSR reports do not provide details of what and how the CSR funds are utilized to achieve the objectives under Health or Education. The companies are contributing through different ways to the various areas as specified in the Schedule VII of the CSR Rules.



Source: Sampled Companies # Data refers to actual number of companies

CSR Spending across Areas in the sampled companies -

It is observed that most companies do mention about **Education** as one of the priority areas under their CSR Policy. The CSR money is put into skill development, scholarships and infrastructure development. These are broad conclusion made for the companies over the three-year period.

- Companies like L&T and Persistent Systems Ltd. reported to have spent on building toilets for girls in public schools.
- Tech Mahindra reported to have spent their entire CSR funds on education while IGATE state 90 percent of its CSR money on education with not much details on how it was spent.
- Bajaj and Mahindra and Mahindra have spent on education-related infrastructure.
- Donations to various school competitions, science exhibitions and other education related activities such as Teach for India etc. are some of the activities mentioned under Education.

After Education, **Health** is the second priority area where CSR money is reported to be spent. Organizing health check-up camps, providing technical and other tools to the hospitals are the popular activities under the subject. Common programmes under Health are awareness campaigns about HIV-AIDS, cancer awareness, breast cancer awareness, etc. also see a mention in the CSR reports.

- Force Motors reported to have spent the entire CSR money for building a modern hospital while Apollo Tyres reported to have spent 90 percent for a similar purpose. Cognizant Technology Solutions stated that 1/3 of the CSR money was spent for providing medical equipment's to hospitals. TCS has spent the qualifying CSR amount on the transformation of AIIMS.
- Infosys states to have focused on eradicating malnutrition and rural development by providing meals to school children. Toilet construction activity (other than in schools) is also reported.

Gender is another area that receives attention under CSR. Though the area is much discussed little action is seen on the ground. No major activity is reported; companies report of donations to orphanages and hostels under their CSR policy. Gender equality measures and gender sensitization remain a neglected area.

In case of **Rural Development** as an area specified under CSR, it is reported that CSR funds have been spent in building school infrastructure- school buildings and toilets especially in rural area.

- MindTree Ltd spent a large part for the purpose of livelihood enhancement for rural youth.



- Sundaram Clayton reports in its CSR report to have Rural Development as top priority.
- TCS reports to have taken the initiative for IT employability programme for rural youth.

Discussion

The CSR activities are well elaborated and broadly covered in the defined areas. However, companies, while following the Guidelines, should explore and not restrict themselves; the Schedule is more directional in nature. While a few companies run innovative programs, there is need to venture beyond the four walls of Schedule VII. There is need to go beyond and contribute for sustainable development and contribute to sectors in need of assistance.

Through CSR, Corporate India can contribute in a major way to the Health Care sector and its development. Some of the possible extension that could cover and extend to areas of concern, debate and discussion today.

Mental Health deserves a specific mention under Health: The Health focus is more on 'promoting preventive health care', a more focused approach and mention regarding mental health could be explored. Support to many social and non-profit organization working in the field could serve the purpose of reaching out to the community in a big way.

Concern for the LGBT Community: The LGBT is much talked and debated issue today; however, such communities are neglected sections or from among the poor and are not appropriately represented or a part of the debate. CSR expenditure can be directed towards improving socio-economic and health and living conditions of the poor neglected transgender communities.

Gender Sensitization deserves a special mention under Gender Equality: There is need for gender sensitization of every citizen, particularly among school children and youth. There is need for increased gender sensitization on subjects such as equality and empowerment, health, mental health, empowerment that can be extensively covered. The popular or the glammers approach to gender is not going to help much, there is need to reach the grassroots.

Issues concerning prevention of Human Trafficking: Though CSR spends do cover the issue of HIV/AIDS, attention on programmes to deal with, create awareness or work towards addressing the problem of human trafficking. CSR support to organizations working in this area could prove extremely beneficial.

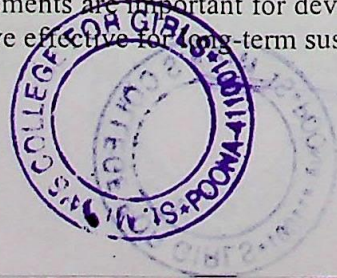
Homelessness and Destitution: The problem of Homelessness, Begging and Destitution is another growing social concern for India. The need of the hour is to provide better structures and set-ups for the homeless and the destitute. CSR Funds could well support the effort of Government in helping the homeless through better and improved service delivery.

Technology Incubators: This is an area that can be given much attention to innovative techniques in health care technologies under CSR expenditure. Technological disruptions could prove path-breaking for the society.

Conclusion

Corporate India needs to go beyond the law and reach out to contribute to development. There is need to explore more in its attempt towards more corporate community involvement and investment. Corporate India could very well emerge with its own model as to how business can contribute to society. There is need to be bold and innovative and move into spaces that the government has left out, especially in areas of service delivery and capacity building. If companies act now and approach the CSR funding process in the same manner, they approach their business- levels of efficiency and accountability- that would bring out the true meaning of 'Giving' through CSR. The CSR funding may have a role to play in making the governmental funding more efficient and effective. Public Funds are much available for infrastructure development; the basic demand is for the operation and maintenance of the social overheads in the economy.

Though the CSR Rules do mention the presence of an assessment mechanism, such mechanism is found to be missing. Impact assessments are important for developmental activities; it could help direction and re-visioning, and prove effective for long-term sustainable community development.



The CSR Policy provides an opportunity to achieve a balance of social, economic and environmental obligations besides protecting the interests of various stakeholders. However, there is a need for the CSR activities on the part of the corporate sector to be more inclusive in its nature and management and not just fulfillment of the mandatory requirement.

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