

The Practice of Corporate Social Responsibility in the context of rural development in India"

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ABSTRACT

The paper has been framed with an effort to rummage around the Corporate Social Responsibility (CSR) practice mainly in the perspective of rural development. The research issues scrutinize whether the companies believe rural people as a stakeholder. This paper also examines the effects of CSR actions on social and financial growth of rural public. There are large numbers of investors like companies or organizations. Chief contribution to the pool is made by these large business entities that concern the internal investors and sustain the projects of the organization munificently. In our country India, big business giants like Tata, SAIL and Lupin Ltd. are committed towards Corporate Social Responsibility for long number of years creating a favorable platform for CSR. Many vital social areas like Health, Education, surroundings, income level and occupation have been addressed by these business giants by actively involving in CSR behavior.

The research studies the CSR activities of various companies in relation to rural development and this actually reveals that all organizations studies have objectives, strategies for CSR. It has been observed that most of the companies encourage and execute the CSR plans through HR Department., or alliance with NGOs, but no separate, fully fledged CSR Department has been created.

In this research paper, many public and private Indian entities or organizations have been chosen to analyze their CSR plans in the perspective of rural growth. Internet based research, internal journals and assessment of literature has been taken as research tools.

Key Words – Corporate Social Responsibility, Social righteousness, CSR Practices and Plans, Rural growth and Development, Companies, Stakeholders.

Introduction

In today's fast growing world, Corporate Social Responsibility (CSR) is emerging at a very fast pace and also work for the increasing interest for practitioners, academicians and entrepreneur in terms of both theory and practice. Even though, the origin of CSR rest in activities like aids, relief work, contributions of corporations worldwide, the perception of CSR has progressed and now include the other activities like legal, financial, ethical and other responsibilities of organizations, business ethics generally concentrates on the right judgments and actions of individuals and groups within the organizations. In general CSR means those activities and the actions taken by the business with the intention of welfare of society. CSR is known as the path through which corporate maintains the balance of social, economical and environmental requirements.

Undeniably, there is majority of the poor in villages and towns of India are ignored and these villages and towns are in the state of underdevelopment with the poor people

living. The problems of poor health, hunger, illiteracy, ignorance and high mortality are more severe in rural areas than in urban areas this is not only due to the deficit of resources but also faults in our planning and investment process. India has the capability to confront these challenges in rural areas. The government's efforts are not enough to provide all the vital services to its citizens and also it is not only the whole-sole responsibility of the government for the growth and development of the society rather the stakeholders and investors in the corporate sector must play an important role in the development of rural areas and this can be done by guarantee the investment flow in the rural areas as this will help the poor people to get the employment and they can easily meet their basic requirement of food, shelter and clothing.

Business houses are believed to be a part of society and as a result act in a socially responsible way further than economic performance (ASSOCHAM and KPMG, 2008). As the main aim of business is to earn profit but with the effect of this change in title from 'Business of Profit' to 'Business of Profit with Social Responsibility', many



companies are supporting the idea of CSR. It is essentially an idea whereby companies voluntarily make a decision to contribute to the society, making it healthier and hygienic in terms of environment (European Commission, 2001). In other words, CSR is judged as "The promise of Companies to accord to sustainable development and to financial development by working with local community, employers and their families, and society as a whole and also help them to lead a good quality life, as it is better for business and for development.

So, the meaning of CSR is two sided. Firstly, it helps the organization in practicing the moral principles for its internal as well as external employees. . On the other hand, it suggests that the organization has some responsibility towards the environment and the society in which it works. CSR is regarded as a intermediate or channel by which companies return something to society. Its task is to provide novel solutions for the environmental and social challenges. But to recognize the main concerns and the areas of CSR involvement in perspective of rural development is the biggest test for business and professional community .

That is why, it is essential to learn and understand that how companies and business organizations are utilizing their CSR plan or how the social responsibility activities influence or affect the socio-economic development of the rural people.

Literature Review

Traditionally, CSR has been seen as an occasion for Developed countries. In the milieu of developed countries the large part of literature has integrated the practices of CSR. Having a large body of literature has amalgamated the practices of CSR. Though in the developing countries, the literature on the theory and practice of CSR remains squat or little. (Belal, 2001). The CSR practices in India are analyzed by few researches. While viewing the classical literature and looking at the various investigations in different parts we are able to know that CSR was also carried out that time in various Indian Corporations. Talking about Kautilya's Arthashastra also gives an insight about the merchants of that period and how they fulfill their responsibilities towards betterment of society while doing business and also that time the working towards betterment of society was not compulsory.

If we look at the comparative study of Khan and Atkinson 1987, we got to know the CSR practices in India and Britain .In India the reports shows that the CSR activities were started by company executives as they thought that companies have some responsibilities towards society and they should share their profits not only with employees and shareholders but also with society. In 2001 a survey was conducted in various cities by ORG-MARG and TERI- EUROPE and it came to know that more than 65% of

people in India believe that the big business tycoons and the corporations should come up with the prevailing problems and helps in resolving these problems like economic instability , the gap between rich and poor, violation of human rights ,other social problems.

Some of the surveys as; The image: 2001 State of Corporate Responsibility Survey of India by the Tata Institute of Energy Research Institute (TERI), Corporate Participation in Social Development India by Partners in Change (PIC), and Price Water House Coopers, The Confederation of Industries in India has also marked the rising CSR movement in India and also participation of India in the CSR procedures. All the surveys highlighted that CSR is the most important factor of the company followed by employees morale and ethics, brand image construction, responsibility towards society and state. It was found in the study conducted in the year 2003 (Centre for Social Markets) that social responsibility is the key and the most important factor in business

A report on Iron Ore Mining in Goa, which illustrate that various large mining companies have their own plans towards the Social and Environmental Development. Though, a formal CSR policy and planning shows interests for the business following CSR activities and also for those who are least bothered. Another study by Dutta and Durgamohan (2009) reveals that it is the education which occupies the first and foremost place followed by health and social causes. In the same way, a survey carried out in 2001 by CSM, imparts that many reasons of the companies for taking up various factors of CSR. The different aspects of CSR, which companies value and are weighing upon are environmental services social and health programs, employment, national wealth, and literacy. Chapple and Moon (2005) in a survey reveals that around three quarters of big companies have displayed their leaflets and reports on following the practices The EU Green Paper (2001) classify two main aspects of business execution of CSR as Internal Aspect(In company) and External Aspect(stakeholder participation).

We have seen that the different experts have different opinions and they all have highlighted that CSR is practiced in India and gave suggestions for CSR practices to be followed in business but whether little concentration to this aspect is required for considering the rural people as stakeholders and If so then kind of CSR plans to be taken for rural development is analyzed.

The Objectives of the Study

1. To examine and analyze the CSR plans and policies that are undertaken and accepted by few private and public companies for rural development.
2. To evaluate the various methods adapted to work and businesses. It also recognizes the kind of action to be taken for execution of CSR plan.

3. To measure the effect of socio-economic actions on CSR development of rural India.

Methodology

To study the above objectives, there are few Indian companies and firms were selected from the private and public sector. When the process of selection of companies is on the way, efforts were being made to choose a variety of sectors for complete and clear image. Thus, from the different industrial sectors like pharmaceuticals, few companies were selected which includes Lupin Ltd., Dr. Reddy's, Tata Motors, SAIL, and Infosys, Tata Motors, SAIL, Coca Cola, State bank of India, ICICI Bank, Ambuja Cements, Asian Paints etc. This is an internet research based methodology and literature review. Hence, to understand the policies and practices of CSR in relation to rural growth in India we have to look into the five areas; For purposes of study of CSR initiatives for rural areas progress have been divided into five areas: living Standard, educational learning, Physical Fitness, infrastructural facilities and surroundings.

Results and Discussion

A) CSR policies and initiatives

The study exhibits that most of the companies offered themselves as they are planning and implementing CSR policies. Most of the companies present their CSR attitude or societal, ecological and moral objectives & their mission, visualization documents, managerial strategy and plans. Even though analyzed companies have CSR aims and objectives, but no linkage was being seen between company goals and Millennium Development Goals (MDG). Below is the table, showing the companies employing CSR plans for rural growth in India. From the analysis, it can also be stated that Educational learning is the main concern for many companies along with healthiness, fitness and betterment of livelihood of people.

Approximately half of no. of companies invests in CSR activities related to Infrastructure and half in maintain the ecological balance. It is also shocking that even though government has a different unit for education & health fitness, still above two issues are on the priority in CSR plans for companies.

Table 1: No. of Companies taking CSR initiatives for Rural Development

Sr. No.	CSR Initiatives for Rural Development	No. of Companies Taking CSR Initiatives	Percentage (%) of Companies Taking CSR Initiatives
1	Livelihood	12	85.7
2	Health	13	92.8
3	Education	14	100.0
4	Environment	8	57.1
5	Infrastructure	7	50.0

Source: School of Doctoral Studies (European Union) Journal

B) The significant role of CSR in rural development in India

To support corporate to converse and value the function of corporate social responsibility in India's rural growth, Sehgal Foundation organized a discussion on May 5, 2017, with Arun Kumar Jain, MD of Fluor Daniel India Pvt. Ltd. to intensify alliances between society and corporate: CSR had been encouraged to large extent in past few years and New companies act establishes the harmony in companies to function within the work environment to attain sustainable growth and global objectives. NGOs and trusts have acknowledged a drive to achieve their dream, and thus corporate have a transformed enthusiasm to enlarge their responsibilities toward society. For higher success in CSR, non-profit organization must coordinate with companies for efficient output. On the other hand, companies have to spend many years while working with communities to actually understand them. Therefore, society needs to make corporate aware about practicalities and issues. Civil society has to also take steps to put up confidence amongst company. CSR is project obsessed, and corporate desire precision about procedures, plans, challenges, and way of conduct in examining the force of the missions. Companies have some hopes of support from NGOs to effectively work in regard of CSR plans. It is also important to create an inside discussion about the factors making organization's plans thrive rather than what was accomplished. Balancing the males and female ratio in manpower is another important task to be performed in CSR by companies & Non- Profits. Companies desire consistency in projects which they have endowed. Moving ahead will necessitate discussion amid corporate and civilians, enlarged volunteerism, and project-related teamwork to achieve the joint goals of rural development and expansion

C) Company's Perspective towards line of work and Means of accomplishments

Considering the perspective of companies for CSR, it becomes visible that most of the companies have espoused CSR approach in their complete industrial strategy. It is because of this reason, that they are efficient in achieving corporate and social objectives. The work of companies is not principally for respite, well being, social welfare, but is continuous development oriented, which will have long term profits. Lupin Pharmaceuticals Ltd., Fortis Group, Tata Steel, Tata Power, Dr. Reddy's Laboratories, Mahindra & Mahindra Group, Infosys, Bharat Petroleum, L&T, SAIL considers in individual and collective sustainable advancement through poverty decline and competence building of the rural community. One of the very prominent example can be quoted here is in the context is of Lupin India Ltd, which instigated a mission to sustainable growth in 154 villages crossways Rajasthan. The project was not assigned for immediate poverty decline but was considered as Complete Action



Project that would generate future income for rural people. It comprises of the programmes like income generation avenues from agriculture yield, agricultural land nurturing and orchards plans, silage maintenance systems, and water recovery plans, launch of learning, educational and health centers, opening of instructive programs for adult education and various other credit financing schemes. In addition to this, companies like Birla Group consider the theory of responsibility management and the spotlight of CSR is at a standstill towards welfare promotion. CSR intrusions for IT corporate are altruistic in nature, because the commitment is in the appearance of economic aids, resources and amenities.

The study explains that the businesses employ CSR rural expansion programs through four categories of associations. They are:

1. **COMPANY directly executing the CSR activities via:**
 - (i) CSR panel.
 - (ii) Human Resources unit.
 - (iii) Confined management of manufacturing entity.
2. **Foundation executing CSR activities.**
3. **Various global Institutions, agencies in collaboration with non-profit organization executing CSR activities.**
4. **Companies carrying CSR activities in venture with the government.**

The research work give an idea that out of various companies analyzed, very few companies implement their CSR plans directly by panels committed to CSR that are answerable for scheduling and employing these CSR actions. Some of the companies carrying CSR plan through regional or confined management of the Built-up unit and Human Resources Division. Many of the corporate such as Lupin Limited, Dr. Reddy's, Tata Motors, SAIL, and Infosys have instituted foundations committed to the realization of CSR rural development project. Designing and execution of CSR proposals are being supported through various enthusiastic foundations. One of the key points to note here is that these foundations which have executed its agendas in alliance with government divisions are a fine instance of Private-Public Partnership (PPP), like Dr. Reddy ' foundation is in alliance with the rural expansion division of Government of India. Some of the IT companies are also in operational with Andhra Pradesh Government department.

The analysis also concludes that few business who are not in alliance with any foundation, are allies with NGOs to put into operation CSR ideas. In such a case or alliance, company supplies financial resources, infrastructural facilities, and simultaneously basic support is being provided by NGOs for the performance of CSR plans. In this context, one can mention the example of Bharat

Petroleum that has coupled with the various Gramin Welfare Societies of different states like Chennai, Orissa, Kalyan Vikas Kendra in Jharkhand and Bihar, to tune-up societal wellbeing at the base level.

D) The force of social responsibility programs in the rural poor

The result evolved from various companies surveyed in the country regarding the effect of CSR programs has been categorized in five areas: **living, physical fitness, educational learning, surroundings and infrastructural facilities.**

❑ **Living Standard:** One of the companies surveyed, Dr. Reddy's Lab Foundation has been working with Rural Division of Government of India for the program The Grameen-LABS to facilitate hygiene living to large number of people with the age between 18-25 years in various states of country. Upshots of livelihood sustain plans by Bharat Petroleum proves that SHG associates are in the constant income group with Rs. 2,000 on monthly basis and members of the banana cultivated areas and poultry farms are operational to be paid supplementary income of Rs.7000-8000 annually.

❑ **Physical Fitness:** The research explains that many corporate arrange a string of health centers to create health attentiveness and learning on physical fitness and different concerns such as inoculation, blood contribution, water cleansing medication, condom supply etc. Till 2007-08, Steel Authority of India Ltd. , has performed 267 health camps for the assistance of mass public. Vedanta Aluminum through its movable Health units, had facilitated people of 53 rural communities in Orissa by supplying free tablets, medication and medicinal recommendation services. An innovative and humane concept of Wheeled Hospital has been launched by Tata Group Heath Foundation which is titled as "Lifeline Express" and has assisted above 50K sufferers in the state of Orissa and Chhattisgarh.

❑ **Educational Learning:** More than 26 Formal Schools are being owned and operational by Birla Group providing educational learning to 62,000 off springs residing close to the units. Steel Authority sustains roughly 138 schools in faraway areas of SAIL Divisions, where learning is imparted to over 80,000 children (Kumar 2008).. Similarly, various other companies have commenced contemporary schools assisting 40,000 rural children. Coca Cola India sustained up the program "Project Smile" and accomplished it in 20 schools. It had a substantial effect on the living of roughly 10,000 kids.

❑ **Surroundings:** In concern of environment protection, many business houses are actively involved in consistent growth and managing of nature's reserves like, tree cultivated areas, watershed administration, and disposal or dumping management, etc. SAIL has sowed 13.5 mn trees in and in the region of the SAIL plants or mines till

present. Programmes related to water management initiated by Ambuja Ltd. extended to swathe 9,000 hectares in past few years.

❑ **Infrastructural Facilities:** Of the different companies researched, only few companies offer diverse transportation and communication facilities like, building and road development, fixing of regular electricity supply, water availability, cleanliness, fitness Center , etc. Foundation of Welfare Programmes of Lupin Ltd. had commenced the plan called “Apna Gaon Apna Kam” roofed around 40,000 rural community in Rajasthan and sure that the vicinity should have educational institutes, drinking water, electricity supply, roads and other basic infrastructural facilities. In A.P., Coca Cola in alliance with HUDA, had supported 16K people to reinstate the current “Check Dam” In Andhra Pradesh in collaboration with Hyderabad Urban Development Agency, local rural communities and NGOs, Coca- Cola India has helped 16 thousand people of “Saroor Nayar” to reinstate existing "check dam" and the water restoration areas.

E). Existing picture: what businesses are doing as part of CSR in India.

The Companies Act 2013 was endorsed, with a vision to increase the finance base and tactical endeavors for CSR in India. Companies will need to re-examine their CSR guidelines, strategies and actions in order to line up with the Clauses of companies act. The CSR behavior of various companies from the S&P Bombay Stock Exchange were scrutinized so as to recognize the development of CSR activities in the country as signified by those companies that are an element of the index. The basis selected to assume the study have been catalogued broadly into — **Design, Deliver and Disclose**. The Design class spotlight on analyzing the partnership inclination and the execution machinery of CSR rural plans. The Deliver class had an objective to spot the thematic aspects that best portray the company’s behavior and their geographic concerns. The Disclose category highlights in depth on how corporate are revealing their CSR actions and imparting their learning with the rural community.

F). Challenges of Corporate Social Responsibility:

The Government is executing force in rural areas of country in number of aspects which principally includes education, wellbeing, infrastructure etc to modernize that specific area in a more comprehensive way. But the factual challenge emerges due to any reason; the objective of government is not achieved. Now when a company establishes an industrial center in an area, wisdom of social liability tends to arise for the progress of that region and its people. Key challenges in rural India largely consist of superior education, clean intake water, good health centers, and stronger infrastructure. The CSR reorganization encourages to wipe out crisis in the area and to upgrade that area with economic and humane support of the organizations of that area. In present time, investors have a doubt to the top management of the company so as to ensure that the CSR proposal does not slow down the profit of the company. This stress sometimes leads to downward growth of that area due to lack of awareness of the local people towards CSR plans and Projects.

There are various challenges to the execution of CSR. They are detailed as below:

- ❑ **Lack of consciousness of CSR Activities:** People in rural areas don’t have much interest in CSR schemes of firms. This is for the reason that people have no information regarding CSR projects. The situation is further provoked by a lack of message between the companies and the public
- ❑ **Transparency concerns:** Little or no transparency is one of the major issues for the business as small enterprises don’t contribute much to provide details on their programmes, inspection issues, impact review and consumption of finances which negatively affects the course of competence and faith building amid the other businesses, which is very vital for the accomplishment of any CSR proposal.
- ❑ **Absence of managerial structure among NGOs:** it has been observed that there is an absence of

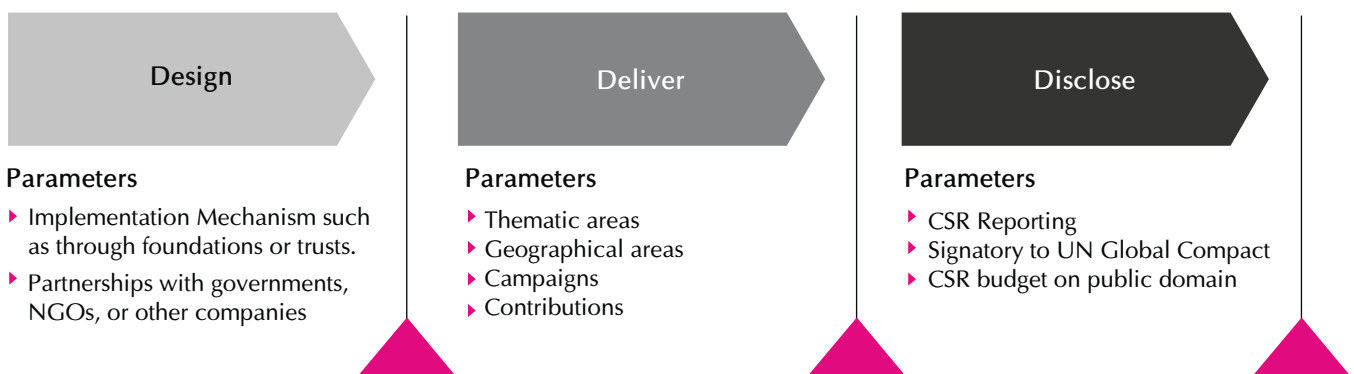


Fig No.1

systematic managerial set up in non-government organizations that basically have the access and work for the upliftment of rural community to assure the success of CSR Project.

- ❑ **Promotion Factor:** Media plays an effective part on promoting the benefits of CSR actions and sensitizes the people about diverse CSR efforts of firms. This promotion and marketing activity makes many non-governmental associations to engage themselves in unnecessary extravaganza marketing programme and in this process mission of CSR is neglected.
- ❑ **Restricted Perception:** Various NGOs and Government group generally hold a contracted perception to the CSR ideas of companies, often explaining CSR action more as donor motivated activity.
- ❑ **Lack of clear CSR Guidelines:** There are no legal principles or rules to give a sound base to CSR plans of companies. The CSR plans of companies chiefly related to their industry dimension and outline, i.e., larger the company, the superior its CSR actions.

Conclusion & Recommendations:

To summarize, one can conclude that social duties are assumed as one of the significant concern of the business houses irrespective of volume, segment, aim and site of the company. This is due to the fact that Indian corporate have realized that if the society wouldn't develop in social and economic terms, then maintaining the competency and consistency in growth of companies would also not be feasible.

The research proves that every company studied are following CSR policies and effectively implementing it. Most of the times, companies design and execute CSR plans in their functional boundaries extends upto complete social community. An extensive array of CSR policies starting from revenue creation, basic living schemes, health and medical centers, transportable health services, educational learning for adult, agriculture growth, proper condition of pure drinking water and natural reserves preservation, road and rail network services are upgraded by these business houses. In spite of the fact that perspective to work has been changed from charitable development to human welfare growth, still no connection has been analyzed between CSR plan and Millennium Development Goals. It has also been discovered through the study that various companies support and employ CSR policies through Human Resources division, foundation or in alliance with NGOs, but there is absence of separate Corporate Social Responsibility section. In nutshell, it can be stated that CSR plans assumed by the Indian corporate for rural expansion have a constructive outcome on the improvement of society and trade. However, few of the points should be

examined for further improvement of public and companies.

1. The company must have a division dedicated to CSR well-trained, qualified and experienced professionals from social science or social work Sociology, Rural Development and Development Studies and experience in management for a better planning, implementation and evaluation of CSR initiatives.
2. CSR programs implemented by the Indian companies must be based on felt needs of local population so as their participation in the program can be improved. It is also necessary to create jobs and economic activity in the rural community to uplift the masses.
3. Social audits should be conducted by an external source agency to evaluate the performance of CSR of a Company.
4. The government can encourage the big players of the business world to take into account the ethical, social and environmental issues of the country.
5. An annual report on social responsibility must be prepared to highlight the company commitment to sustainable community development.

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