

# Corporate Social Responsibility: Perspectives and Challenges in Rural India

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**ABSTRACT:** *In this era of opposition, companies recognizing the stake that they have, as a part of the society. This give rise to Corporate Social Responsibility (CSR) and it becomes the burning topic and gaining more and more importance in Indian economy. Simply social responsibility implies that the responsibility that government, corporation, organization or individual has towards society. Corporate must realize that to uplift the downtrodden society, government alone will not be able to succeed in its endeavor. Basically India stays in its villages. The statement is valid even today literally from all the perspectives. The concept of rural development is quite ample and far-reaching as the major part of State's population is living in rural areas. This paper explores CSR initiatives in the reference of rural development specifically and considers the encroachment of CSR actions on the socio-economic development of rural people of India. The methodology of this research is based on secondary data. Six public and private companies have been taken to understand the working pattern in context of CSR. This research also tries to comprehend that for the advancement of business Indian companies have realized that CSR is very important issue regardless of sector, size and business goal and the actions has shown the affirmative impact on development of rural sector as well as on their business too.*

**Keywords:** *CSR, rural development, society relations, stakeholders.*

## I. INTRODUCTION

In today's changing world, Corporate Social Responsibility (CSR) is a growing area of interest for academics, practitioners and entrepreneurs, in terms of both theory and practice. Although the roots of CSR lie in activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses the economic, legal, ethical, and discretionary responsibilities of organizations, business ethics usually focuses on the moral judgments and behavior of individuals and groups within organizations. Generally CSR means those activities taken by the business with the purpose of welfare of society. CSR is understood as being the way through which corporate maintains equilibrium of economical, environment and social imperatives.

No doubts, India lives in it villages and country's vast population is based on agriculture for living. Agriculture covers almost one-fifth of the gross domestic product in India. The Government has planned several programs pertaining to Rural Development in India to increase the growth of agriculture. Rural development seeks to change the socio-economic structure of the rural community. As far as rural areas are concerned CSR is considered very important.

CSR in India, Indian companies are now expected to perform their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal. In India as in the rest of the world there is a growing realization that business cannot succeed in a society which fails. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status. CSR is regarded as vehicle through which companies give something back to the society.

### 1.1 SOME IMPORTANT DEFINITIONS

The term CSR is very wide and complex and has different meanings. The EC defines CSR as "the responsibility of enterprises for their impacts on society". To completely meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human

rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders”.

The World Business Council for Sustainable Development (WBCSD) defines CSR as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.”

The Companies Act 2013 states CSR as every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. According to Infosys founder, Narayan Murthy, “social responsibility is to create maximum shareholders value working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment.”

From the above definitions, it is clear that:

- The CSR approach is integrated with the core business strategy for addressing social-economic impacts of businesses.
- CSR needs to address the well-being of all stakeholders and not just the company’s shareholders.

Thus, the meaning of CSR reveals the ethical behavior that an organization exhibits towards its internal and external stakeholders and simultaneously it represents the responsibility of an organization towards the environment and society in which it operates.

Therefore, it is very necessary to understand and study how corporate enterprises are working on CSR initiatives and what effects it gives to the rural side of India. This research paper is divided into four sections, section one gives the framework of previous research (review of literature) related to CSR practices. Section two will discuss the paper in three parts respectively which are objectives, methodology and limitations. Section three discusses important challenges, outcomes, and suggestions to overcome challenges. Section four in end concludes the study.

## **II. LITERATURE REVIEW**

The researcher in his research formulated that, CSR activities improve a company's image when consumers attribute sincere motives, are ineffective when sincerity of motives is ambiguous, and hurt the company's image when motives are perceived as insincere [1].

[2] Author studied that firms had different motives/reasons for reporting the different attributes of CSR. Researcher [3], suggested that society values, new business opportunities, reduced regulatory interventions, customer satisfaction, firms’ reputation, and better stakeholder relationship are acting as different driving forces that are motivating business firms for the implementation of CSR initiatives.

[4] The Bi-dimensional model suggested by the researcher to understand the impact of CSR. In [5], authors formulated that Investment in CSR initiatives vary according to the firm size. According to [6] the major reasons for involving CSR practices by companies are to create and maintain a favorable corporate image where companies should be viewed as social organizations and in terms of CSR practices, community involvement is higher than the other categories of CSR in his research.

Authors in [7], found that roads, pollution and power are the major concern of corporate CSR activities as compared to least concern area which is communication and education.

The above work and findings of different scholars at different points of time entail that they have rightly observed the CSR practices and performance of companies in India. Further, the proposed research will help us to conclude the answer to the following questions:

- Does the company consider rural people as stakeholders?
- What CSR initiatives being taken for rural development?
- What are the challenges of CSR programs on socio-economic development of rural population in India?
- What suggestions are needed for accelerating CSR initiatives?

### III. OBJECTIVES

1. To study the CSR status in rural India.
2. To study and understand the CSR initiatives being taken by companies for rural development.
3. To study the challenges faced by CSR in rural India.
4. To make suggestions for accelerating CSR initiatives.

### IV. RESEARCH METHODOLOGY

This paper is an exploratory research which is based on the secondary data collected from journals, magazines, books articles, media reports and websites. For present research six companies (private and public) was selected.

To get a comprehensive picture efforts have been made while selecting the companies from a variety sectors. Selected companies were from different industrial sectors i.e. Ambuja Cement Ltd., Shree Cements Ltd, NTPC Ltd., Hindustan Zinc Ltd., ACC Ltd, Chambal Fertilizers & Chemicals Ltd.

### V. LIMITATION

- The data is very small, focused on very small group of companies so we cannot generalize completely.
- Information was collected from secondary data like print media and official websites of the companies.
- Primary data was not collected for this research.

### VI. RESULT AND DISCUSSION

#### 6.1 The CSR Policies and initiatives

All companies that were surveyed show that they are involved in CSR in one way or another. A majority of the companies reflect their CSR philosophy or social, environmental and ethical objectives in mission and vision statements, CSR policy and plan. It is surprising to note that education take the top priority of the companies surveyed, followed by health and livelihood. The details of various CSR initiatives undertaken by the companies are presented in Table 1:

TABLE I. CSR initiatives undertaken by the companies for Rural Development

Company	Thrust Area	CSR Initiatives for Rural Development
ACC Ltd.	Livelihood	Enhance productivity and profitability, provide veterinary facilities educate farmers on improved livestock management in Lakheri, Rajasthan India
	Education	Project Saksham (Bargarh), Education for all(Jamul), quality education (Gagal) India
	Environment	Installation of reverse osmosis water System Thondebhavi Largest recycling lesson Madukkarai, Coimbatore India
	Health	HIV/AIDS Awareness Camp and General Medical Camp for Truckers in (Wadi), Health Care for Adolescent Girls (Chanda) Karnataka India Caring for children (Lakheri) Rajasthan
Chambal Fertilizers And Chemical Limited	Education	Shiksha education working in rural areas of Rajasthan India
	Health	Gramin arogya sewa health care program Gadepan in Kota district of Rajasthan
	Environment	Gram Vikas (rural infrastructure and development and

		environment program ) Kota (Rajasthan)
	Infrastructure	Positive interventions in the infrastructure in Rajasthan India
	Livelihood	Krishi aur Pashupalan agriculture and livestock development working in Kota (Rajasthan) India
Ambuja cement ltd.	Livelihood	Working in Capacity building, generation of alternate source of livelihood
	Education	Till date corporation reached out to 1.5 lakhs students in 10 schools across different locations in India
	Health	Initiated association named (APEKSHA), Reducing child mortality, HIV/AIDS awareness, stress management, etc
	Environment	Water management and conservation
NTPC	Livelihood	Income generation, Support for agriculture produce/ business, Medical/Veterinary camps for livestock
	Health care	Mission health on wheels initiated
	Environment	Initiated activities for protecting & maintaining environment and reducing pollution. Initiated & supported the measures of conservation of natural resources by variety of techniques i.e. recycling, reuse etc. accurate usage of renewable energy.
	Education	Education, vocational training, Distributed study materials, Scholarships / financial assistance to meritorious students, Adult Education, Coaching classes etc
Hindustan Zinc Ltd.	Livelihood	Promoting Women Self Help Groups, Supported Vocational Training Colleges and Mining institutes or organizations, Implementation of agriculture and also initiated animal husbandry projects in rural areas
	Education	Continue to support Vedanta Bal Chetna Anganwadi Project, Child Care Centre Programs and any other similar programs Continue to support Vedanta Post Graduate Girls College, Ringus, Continue and/or expand partnership with Vedanta foundation, Running of schools in the vicinity of our operations and other identified places
	Health care	Eradicating malnutrition in children through use of zinc in collaboration with reputed organisations like UNICEF Build/enhance/support hospital and health projects Sanitation, drinking water facilities in rural areas
	Environment	Establishing and operating of Sewerage Treatment Plant for common good, Environment projects for forestation, water conservation, beautification of lakes, green belts etc
	Infrastructure	Development of infrastructure and other rural development projects
Shree Cement Ltd.	Education	Promotion of education
	Health	Prosperity through health & safety, Treatment of HIV/AIDS infected patient in the Company's Dispensary without any discrimination
	Environment	Use of natural resources efficiently, trying to reduce noise

		pollution, waste and green house gases, installation of Waste Heat Recovery Boilers (WHRB)
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## **VII. CHALLENGES OF CSR**

The Government is applying thrust in rural India in number of fields which primarily includes literacy, health, infrastructure etc to develop that particular area in a more inclusive way. But the real challenge arises when due to one reason or the other this aim of government is not fully fulfilled.

Now when a corporate house sets up industrial hub in a particular area, a sense of social responsibility itself develops towards the development of that area and its residents.

Major challenges in rural India mainly comprise of better education, pure drinking water, good health facilities, and of strengthened road network in area. The CSR reform helps to eradicate problems in the area as well as to take that area on path of development with the financial and social support of organizational base setup at that location.

Today the investor and stakeholder also pose a question to the management of a corporate house to make sure that the CSR initiative does not retard the profit of the organization as a whole. This pressure sometimes results in negative way to the development of that particular area.

People have little knowledge about CSR activities so they don't show enough interest in participation and contribution towards it.

## **VIII. CONCLUSIONS OF THE STUDY**

After extensive study of literature and web site survey, it is concluded that social responsibility is played a very important part of business institutions in India irrespective of sector, size, business goal and location of the company.

Corporate sustainability is kind of evolution and not an ending process. Now, Indian companies have realized that, there can be no stability and sustainability without socio-economic development of the local communities for doing business so as to compete with the global market.

It is evident from study of all surveyed companies engaged in CSR practices and most of the companies which design and implement CSR initiatives in the vicinity of their manufacturing unit cover entire community.

Most of the companies India are promoting and implementing CSR initiatives through Human Resource Department, foundation or in collaboration with NGOs, but do not have fully fledged CSR department.

## **IX. SUGGESTIONS**

- The company should have well trained CSR department with qualified and experienced professionals for better planning, implementation and evaluation of CSR policies.
- Each of the company should prepare its annual CSR report which now mandatory under new company act. In the Annual report the company should publish the detail report on CSR with name and address of the beneficiary.
- There is necessity to generate more for rural community in India.
- Before launching the CSR project the company must survey the area concerned, to take first hand information about the need of the local people so that involvement of the local people would enhance.
- The company should also conduct a social performance audit of their CSR program to judge their continuity.
- The Government must play the role of motivator, facilitator and persuade corporate to take into account ethical, social and environmental criteria.

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