



A study of corporate social responsibility in Raipur, CG, India

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Abstract

During some previous years Corporate Sustainability has become very important aspect of business practices worldwide. It has been a part of Indian business for long, but it becomes more popular in Indian businesses due to various multinational companies. Main aim of Undertakings is to conduct their businesses with giving priority to society. The purpose or objective of this paper is to give you perception of CSR and also to analyse the growth of corporate sustainability in Raipur city of Chhattisgarh. It also showcases various rules that governs CSR in Raipur. Due to various hurdles in implementing CSR successfully my paper will suggest ideas so that maximum peoples will be get benefitted.

Keywords: Corporate Social Responsibility, Corporate Sustainability, Companies Act 2013.

Introduction

Every business operates with in society. It uses the resources of the society and depends on the society for the functioning. This act as responsibility for business to look after the welfare of society. So, the activities of the business should be such that they will not harm, rather they will protect and contribute to the interests of the society.

Though profit making is one of the main objectives of any business, its high dependency on society means that business has definite responsibility towards the society. Companies has to incorporate various duties and obligation in their routine functions which are directly or indirectly related to the wellbeing of community. Over the past decade, the organizations are beginning to recognize the business benefits of practicing Corporate Social Responsibility (CSR). Increasing socio-regulatory pressures coupled with growing empirical studies demonstrate that CSR has a favourable impact on business performance and thus, the need for corporate houses to engage in CSR cannot be ignored¹.

Corporate Social Responsibility in India

Corporate responsibility or sustainability is mandate for all companies in India. India become first ever country who has legally made CSR compulsory. Under this the companies requires to contribute or invest their surplus in social programmes related for the wellbeing of peoples located in their region like education, cleanliness, reducing poverty, eradication of hunger, etc.

The current scenario of COVID 19 outbreak, Ministry of Corporate Affairs has made an announcement that any expenditure incurred by any companies in the area of corporate

social responsibility to fight COVID 19 pandemic will be considered lawful CSR activities².

As per amended Companies Act 2013, an undertaking whose net worth is Rs 500 crore or above it requires to contribute 2% of their surplus of three years on CSR. By taking part in social progression, it brings positive impact on various factors³.

The amended Act also states that the entity is used to deposit such unspent amount into a fund which is mentioned under Schedule VII of the above act within that fiscal year. The undertaking is required to use such unspent amount within three years of transfer to prescribed fund.

Those undertaking who fails to do such activities which are mentioned in the Act will be punished for non-compliance. It includes monetary fine ranges from Rs 50000 to Rs 25 lac. Imprisonment of three years or fine of Rs 5 lac for defaulting officer⁴.

By adopting CSR activities within corporate strategies will generate multiples of benefits which include like improvement in corporate governance, having vast business networks and chain, helps in collaboration and partnership, building and maintaining relationship with investor, suppliers, individuals, society, various agencies. CSR activities are directly or indirectly interrelated with financial and management aspect of organization and it also increases goodwill of company in market⁵.

India has the richest tradition of corporate social responsibility. Though the term CSR is comparatively new the concept itself dates back to over and hundred years. In India CSR has grown through various stages, like involvement of community

employees have developed the sense of socially responsible. So, we can divide the CSR in four phases.

Phase of CSR: The first phase of CSR majorly includes community values, culture and religion, first stage was known for its charity and Philanthropic cause. Before 1947, the colonist of industrialization like Tata, Bajaj, Godrej, Birla are major companies who encouraged the CSR concept with the help of various educational and healthcare institutions. During this time political motives are used to manage the works related to social benefit.

The second phase started after the independence. Here, Mahatma Gandhi requested the top industrialist of India of that time to spend their wealth for the benefit of the society. So that the life standard of the people will back on track. The concept of trusteeship was given by the Mahatma Gandhi and the vision is to help in societal and economic growth of the nation.

The third phase is from 1960 to 1980 and it comprises the public sector undertaking, these undertakings will help in better distribution of wealth. Under this various policy related to industrial licensing and taxes, Prohibition of private units gave born to corporate carelessness. Thus, the PSUs are not successful in implementing CSR, the belief moved to private sector from public sector for the actively participation and may bring positive changes in economic growth.

The fourth phase started from 1980, Indian companies started involving CSR in their sustainable business strategy. The economic reform kick started in 1991 because of globalization and liberalization. This resulted in large scale industrial development, this makes possible for the companies to put up more funds for the welfare of society⁶.

As per companies Act 2013, CSR is compulsory for all types of company. After such act passed in year 2014, there was a significant increment has been seen in total corporate responsibility spending by private and public undertakings. According to survey in this field a report is prepared which shows that in 2018 the sum that spent by companies is 47% is more than the previous amount in year 2015, spent nearly 7536 crores⁷.

Major Companies implementing CSR in India

Tata Group: Tata Group actively participates in different CSR projects which are mainly poverty reduction and societal improvement. It also emphasizes on women empowerment, development of rural standards and other various social initiatives. In education sectors the Tata group provides scholarships.

It also aware people regarding AIDS. The major sector that company emphasizes is hospitals, education, culture and art, protection of environment.

Mahindra and Mahindra: M & M limited is one of the Indian multinational automobile manufacturers whose headquarter in Mumbai. In 1954 the company had established an education trust named as K.C. Mahindra Education Trust, and then in 1969 Mahindra Foundation the objective behind this is to encourage education in India. The main focus of this initiative is to make benefitted to those people who belong to backward classes.

Company funds for various grants, higher and lower level of scholarship, natural disaster conservation of water, health care, in backward areas. The initiative named as Nanhi Kali is for educating girls, promote education for girls in remote areas. Mahindra Pride School initiative is for apprenticeship training. To encourage health care a program is launched is called Lifeline Express in rural areas⁸.

Corporate Social Responsibility practices in Raipur, CG

Sarda Energy and Minerals Limited⁹: Sarda Energy and Minerals Limited which is situated in Raipur district of Chhattisgarh, which is also its headquarters, produce steel of various type such as sponge, iron, billets, TMT rod at least cost. By quantity wise it is one of the largest producers in India and it also export Ferro Alloys to other countries.

CSR Committee: Company constituted a board committee whose work is to see the execution of various policies related to CSR and to ensure that the standard goal which is set by the company should be met with actual goal. The members in this committee are: i. Mr. P.R. Tripathi, Chairman, ii. Mr. K.K. Sarda, iii. Mr. Pankaj Sarda.

Top Strategies adopted by companies to identify projects¹⁰

i. Detailed discussion with village panchayats to identify their requirements. ii. With the help of local NGO's & local authorities CSR activities are being mapped. iii. Senior management and CSR committee conduct brainstorming session to reduce any kind of problems.

Table-1: CSR Fiscal Particulars (INR Cr.)¹¹.

Particular	Sum (Lac)
Net Profit (Average) during last three fiscal years	7,716
Authorised CSR expenses (will be 2% of net profit)	182.74
Expenses incurred in 2016-17	-
Sum decided to spent	182.74
Actual sum spent	179.66
Remaining amount which is not spent*	3.08

Table-2: Year Wise CSR.

Year	2014-15	2015-16	2016-17
Actual CSR	2.28 Cr	2.12 Cr	1.80 Cr
Prescribed CSR	2.36 Cr	2.41 Cr	1.83 Cr
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CSR Policy of SEML shall ensure that all developmental activities/initiatives undertaken are accessible to the most deserving segments such as children, women, elderly and those with disabilities. In 2014-15 the CSR was set by company which is 2.36 Cr. But actually, the expenditure was made up to 2.28 Cr. In 2015-16 the prescribed CSR was 2.41 which is more than previous year but actual CSR was spent is 2.12. In year 2016-17 the prescribed CSR was 1.83 Cr. but 1.80 Cr. actually spent¹¹.

Review of Literature

Khan and Atkinson explain that there is a positive thinking of Indian executives of different companies regarding CSR. According to them the activities relates to CSR is relevant to business and the companies is equally responsible to customers, societies and state as it has towards its shareholders and employees¹².

Singh and Sharma in their paper “Corporate social responsibility practices in India: Analysis of Public companies” has taken two public sector companies which are Coal India Ltd. and GAIL and tried to explain the policies and regulatory framework of these companies are carrying out so that the society get benefited. The programmes taken in this field includes primary and higher education, skill development in youth, activities belong to women empowerment, development of backward areas, health and cleanliness facilities. It strictly follows the rule of “Companies Act 2013 that 2% of the average profits of three immediate preceding financial year is required to spent towards CSR initiatives¹³”.

Pradhan and Bihari describe CSR which is performed by major Indian Banks. Under this study an attempt is made to find the impact of CSR activities on financial performance and reputation of Indian bank. To verify this, the researcher used data from published reports on social responsibility practices of some Indian banks. The survey results shows that some banks are seeing a noticeable increase in CSR practices, which leads to an improvement in financial performance and corporate image. It also means that banks need to think and look beyond their day-to-day business and focus on broader social goals¹⁴.

Objectives: i. To analyze the growth of sustainable development in Raipur. ii. Various programmers for the welfare of society are undergoing in Raipur district of C.G. iii. To check how many people got benefitted by CSR implementation.

Hypothesis: i. It has been assumed that companies of Raipur district have changed their businesses by adopting CSR initiatives successfully. ii. It has been assumed that the companies are actively participating with different NGOs of Raipur district to frame activities related to different class of society. iii. It has been assumed that people are getting benefited from CSR activities; it has brought changes in their lifestyles.

Methodology

According to above Review of Literature there have been several works done on CSR but no research work has been done with reference to Raipur City, hence the statement of my problem is “Performance and Evaluation of CSR in Raipur district.”

The present study is descriptive and is based on secondary data. The data has been taken from different research articles, government websites, and annual reports of companies from their websites.

Results and discussion

Data Collection: Secondary Data: Articles, Journals, Companies websites, Annual reports of Companies.

Table-3: Showing expenses in various sectors¹³.

Development Sector	Amount (INR Lakh)
Education, differently aided, Livelihood	301
Environment, Animal Welfare	103
Encouraging Sports	1
Gender Equality	108
Senior Citizen Welfare	22
Health, Safe Drinking Water	239
Heritage Art and Culture	5
Other Sectors	1
Rural Development	11
TOTAL (INR Lakh)	791

There are total 26 Companies in Chhattisgarh with total 791 lakh CSR expenditure by Companies in the Financial Year 2016-17 in various sectors namely in Education, differently aided, and livelihood total expenditure were 301 lakh rupees. In Environment, Animal Welfare total expenditure was made including all companies were 103 lakh. In Encouraging Sports, the total expenditure was made upto 1 lakh.

In Gender Equality sector total 108 lakh was made. In Senior Citizen Welfare sector total 22 lakh expenditure was made. In Health, safe drinking water total expenditure was made by companies. In Heritage Art and Culture total expense was made up to rupees 5 lakh. In Rural sector total 11 lakh expenses was incurred by companies. In another sector total 1 lakh expenditure was incurred¹⁵.

Table-4: Sum spent on Corporate social responsibility during Fiscal Year 2016-17¹⁷.

S. No.	Sectors	Clauses (1-10) under Companies Act 2013	Areas where activities are undertaken	Sum Outlay	Sum spent on various activities	Cumulative Expenditure	Sum spent through Direct mode
1	Healthcare	Clause (1)	Raipur, Raigarh and Dongargad in CG.	18	16.58	16.58	Direct
2	Education Division.	Clauses (2)	Raipur, Raigarh and Dongargad in CG.	120	119.12	119.12	Direct
3	Social Initiatives.	Clauses (3)	Raipur, Raigarh and Dongargad in CG.	15	13.15	13.15	Direct
4	Environment	Clauses (4)	Raipur, Raigarh and Dongargad in CG.	8	8.74	8.74	Direct
5	Art and Culture Promotion	Clauses (5)	Raipur, Raigarh and Dongargad in CG.	5	4.98	4.98	Direct
6	Rural development projects	Clauses (10)	Raipur, Raigarh and Dongargad in CG.	8	8.77	8.77	Direct
7	Administrative Expenses	Administration	Raipur	8.74	8.32	8.32	
			Total Sum	Rs 182.74	Rs 179.66	Rs 179.66	

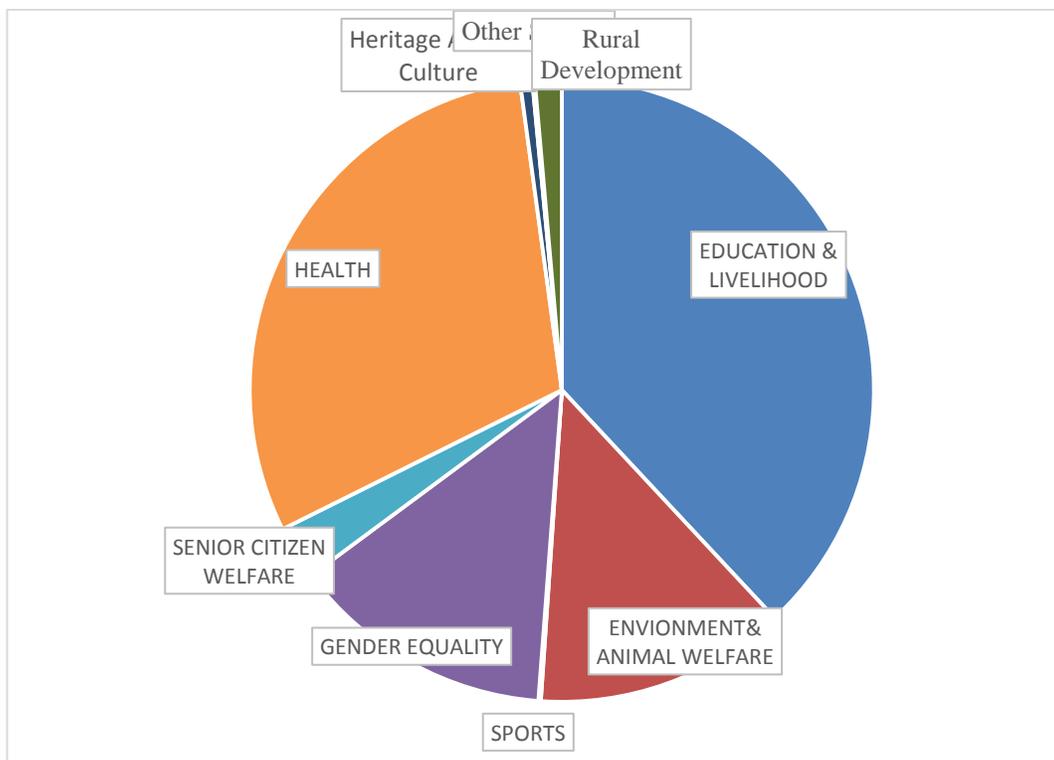


Figure-1: The percentage distribution of "Sports" and "Other Sectors" is minimum due to which it is not clearly visible in the pie chart.

Conclusion

To create and maintain brand value of company, corporate responsibility emerges as important aspect of commercial undertaking activities. The focus on CSR has been there for a long time, but it is acquiring a new urgency and importance in the backdrop of heightened awareness regarding the perils of unplanned growth with single minded focus on corporate financial performance.

Thinkers, researchers, activists and global bodies are all now thinking in unison regarding the need and urgency of corporate involvement in social, economic and environmental activities through their approaches to details of social engagement of companies may differ. Increasingly there is a growing focus on strategic orientation to CSR activities, in place of the earlier philanthropic approach. This has helped in companies paying greater importance to CSR activities and to higher level of involvement and commitment of resources and personnel. As Indian corporate entities start getting involved in social engagement and sustainability activities on a larger scale and the process is bound to be more pronounced in the years to come.

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