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## A STUDY OF SOCIAL DEVELOPMENT THROUGH CORPORATE SOCIAL RESPONSIBILITY (CSR)

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### ABSTRACT

Today the impact of CSR is beginning to be seen in companies throughout the world from Human rights to Social development. Various terms are often substituted for CSR like corporate citizenship, corporate ethics, environmental, social, and governance (ESG), among others. Companies have been using the concept of a triple bottom line for CSR. This approach takes into account the inter-connectedness of financial, environmental, and social factors. The triple bottom line is also sometimes referred to under the caption, “people, planet, profit.” This research paper has made an attempt to explain the Social development mechanism through CSR practices followed by Maharatnas Company. For this study I have taken samples of Indian Maharatnas Company to define their social development initiatives through CSR practices. The present study further explores the role of corporates in helping social development through a number of CSR initiatives started by the corporate under the guidance of new CSR regulation implemented by the government of India in 2013. The outcome of the study will help in bringing radical changes in social development through CSR practices. This study is based on secondary data, collected from the Websites of companies, existing research papers, journals, news papers etc.

*Keywords- Social development, Corporate Social responsibility, CSR Practices, Triple Bottom Line, Maharatnas Company & CSR Regulation.*

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### I. INTRODUCTION

CSR in India has been in practice since 1850s in terms of charity and philanthropy. CSR has come into common use in the late 1960s and early 1970s. There is no single universally accepted definition of CSR, each definition that currently exists underpins the impact that businesses have on society at large and the societal expectations of them. Although the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility.

Carroll, (1979) “The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point of time”

The 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.”

According to the UNIDO “Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.”

**The Companies Act, 29th August 2013:** The 2013 Act has introduced several provisions for changing the way to do business of Indian corporates and it also introduced a new provision regarding spending on Corporate Social Responsibility (CSR) activities. On the basis of CSR provisions it became mandatory for Indian companies and Companies have to spend a particular amount on CSR activities as well. They have to mention their report regarding CSR activities in a prescribed format in their website. The Reporting of CSR will be implemented on an annual

basis commencing from fiscal year 2014-15. This act also defined the major areas, will be followed by the Indian corporates to achieve the CSR goals. These areas include:

- ✓ To eradicate extreme hunger and poverty
- ✓ To promote of education, gender equality and empowering women
- ✓ To reduce child mortality and improving maternal health
- ✓ To combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases
- ✓ To ensure environmental sustainability
- ✓ Employment enhancing vocational skills
- ✓ Social business projects
- ✓ To contribute in the fund of Prime Minister's National Relief or any other fund set up by the Central Government or the State Governments for socioeconomic development, relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women

From the above given definitions, It is very clearly mentioned that CSR activities focus on the social welfare projects, health issues, rural development, women empowerment, contribute for the socioeconomic development for the society. Ultimately it is a proved that business can do something back to the society on the voluntary basis through followed the CSR practices in many different ways, without having any profit making purpose.

## II. OBJECTIVES OF THE STUDY

Today CSR is treated as a well thought out and well planned management strategy to exert a positive impact on society and environment through sustained efforts.

- ✓ TO highlight the CSR initiatives undertaken by Maharatnas Company especially INDIAN OIL, ONGC, SAIL, GAIL helps to analyze their contribution to the social development of the country.

## III. LITERATURE REVIEW

This section provides a review of the theoretical literature on CSR activities related to social development & social upliftment.

Carroll, (1991) defined that CSR is the social obligations towards wider stakeholders, environment while making profit the shareholders. Carroll developed a theoretical framework of CSR, where she proposed four dimensions of CSR. These are economic, legal, ethical and philanthropy of CSR. Economic CSR is measured in terms of shareholders wealth maximization generates profit, being competitive (high quality & low cost), operational efficiency, and continuous profitability. Legal responsibilities of CSR dimension is measured in terms of the extent that organization's activities are consistent with laws and regulations, law-abiding corporate citizen, fulfilling legal obligation, and goods and services must meet the minimal legal requirement. Ethical responsibility of CSR dimension is measured in terms of societal mores and ethical norms, extent that organization adjust themselves to emerging moral norms, degree of compromising ethical standards or norms, corporate citizenship behavior accepted by society and the extent that organization go beyond the legal and regulation requirements to maintain integrity of the organization. Philanthropic is the highest level of CSR, where it will be measured in terms of philanthropic and charitable expectation of society, assistance provided to fine and performing arts, extent that managers and employees of the organization involvement voluntary charitable activities organized by community, and assistance provided by organization to the projects that enhances "quality life".

### Carroll (1991) Dimension of CSR

Pradhan S, Ranjan A (2010) has done a study on "CSR in rural development sector; evidences from India" and concluded that all surveyed companies present themselves as having CSR policy and practices. Most of the companies which design and implement CSR initiatives in the vicinity of their works cover entire community. A wide range of CSR initiatives ranging from income generation activities for livelihood, health check-up camps, mobile health services, education, adult literacy, agricultural development, provision of drinking water, management and development of natural resources, infrastructure facilities being carried out by these companies. In this way the approach to CSR work is generally shifting from philanthropic to welfare and sustainable development.

Sharma (2011) has given a list of core thrust areas for reporting CSR activities by the Indian Banks as: children welfare, community welfare, education, environment, healthcare, poverty eradication, rural development, vocational training, women's empowerment, and protection to girl child, employment. The rating of the CSR activities of Indian banking sector has also been done by Karmayog, an NGO. As per the report of the Karmayog two third of surveyed 36 banks couldn't even secure a rating of 3 at a scale of 0 to 5, only one bank could attain level 5.

Nadeem M, Haq-Ul A (2014) have done a study on "CSR- Implications in India (In view of Maharatnas) and defined that Companies are indeed contributing to the foundation of CSR in India with their desired methods of interventions. They are addressing national concerns such as livelihood promotion, community development, environment, making health services more accessible, creating inclusive markets and so on.

#### IV. RESEARCH METHODOLOGY

The study is based on the secondary data collected from the annual reports of the Companies, websites, existing research papers, news papers & journals. Maharatnas companies namely "Indian Oil Corporation Limited (IOCL), Steel Authority Of India Limited (SAIL) Gas Authority Of India Limited (GAIL), Oil and Natural Gas Corporation Ltd (ONGC)" have been selected to meet the objective for this study.

#### V. LIMITATIONS OF THE STUDY

The main limitation of this paper is that this study has only focused on a small sample of Indian companies. Secondly, information collected from annual reports of the Companies, websites of these companies and no primary data were collected directly from the stakeholders through interviews or surveys.

**SOCIAL DEVELOPMENT THROUGH CORPORATE SOCIAL RESPONSIBLY: SOME CORPORATE EXAMPLES:** Paradigms of CSR is shifting to stakeholders approach, practices at the ground level has undergone a radical transformation. In every aspect the CSR focuses on increase efficiency, effectiveness and accountability. It further enhanced environment centric and people centric with active community participation. Here some corporates examples have been taken for explaining their CSR activities contribution in Social development & upliftment.

**INDIAN OIL CORPORATION LIMITED:** It is the largest ranked Indian company in the latest fortune 'Global 500' listings, ranked at the 96<sup>th</sup> position. Indian oil is known to have supported large number of social welfare and social development initiatives. The main broad areas, where CSR has been done towards providing LPG connections to BPL families, healthcare, education and scholarships, skills development programmes, provision of drinking water, sanitation, etc

- The Company contributes 20% of 2% towards release of one time grant to below poverty line families in rural areas for LPG connections under Rajiv Gandhi Grameen LPG Vitran Yojna.
- Indian Oil awarded scholarship to 2600 poor and deserving students on merit-cum-means basis, who are pursuing full-time courses in 10+/ITI, Engineering, Medical and MBA. 49.5% scholarships are reserved for SC/ST/OBC students. In each category/ sub-category, 25% scholarships are reserved for girl students and 10% for Persons with Disabilities (PWD).
- Indian Oil launched a unique initiative along with District education department, Digboi for skill development of government teachers. 248 teachers have been trained under this project so far.
- ITC offers 68 seats across 8 disciplines and offers a three year fresher trade course and specialization in jobs viz. Fitter, Electrician, Turner, Mechanic, etc. So far, about 1200 students have benefitted from this scheme.
- The company launched a primary mobile healthcare scheme titled "Indian Oil Sachal Swasthya Seva" for running 52 Mobile Medical Units (MMU) in Andhra Pradesh, Telangana and Uttar Pradesh in 2002. MMUs are linked to small format rural retail outlets called 'Kisan Seva Kendras' (KSK. It also established a 200 bed hospital with modern facilities at Digboi, Assam in 1906. It provides medical facilities to the community at large besides employees and dependents of Indian oil and Oil India limited. This hospital runs a dispensary at Indian Oil's Tinsukia Terminal Depot and also organizes free health camps of general and specialized nature as a part of community outreach services. About 20,000 non-employee patients are treated in this hospital every year.

**STEEL AUTHORITY OF INDIA LIMITED (SAIL):** is the largest steel maker of India and amongst the top public sector enterprises in terms of turnover with the prestigious status of 'Maharatna'. Apart from the business SAIL has

remained committed towards meeting the ten principles of areas of human rights, labor, environment, and anti corruption. SAIL's CSR initiatives are mainly carried out in and around steel township, mines and far flung locations across the country. Some of these initiatives are stated below:

- SAIL has established 54 Primary Health Centres, 12 Reproductive & Child Health Centres, 17 Hospitals and 7 Super-Specialty Hospitals for providing specialized healthcare to more than 30 million people since inception.
- 146 schools have been set up in the steel townships for providing modern education to about 70,000 children and assistance has been provided to over 286 schools of villages surrounding steel plants/units for free education of more than 55,000 students.
- SAIL has also provided access to water infrastructure to people living in far-flung areas by installing 5,153 water sources, thereby providing drinking water access to around 38 lakh people. Each SAIL plant has ensured that villages within the radius of approximately 16-18 kms of its township have access to potable water.
- 79 villages have been identified as 'Model Steel Villages' in 8 states across the country. The developmental activities being undertaken in these villages include medical & health services, education, roads & connectivity, sanitation, community centres, livelihood generation, sports facilities, etc. vocational training in areas such as improved agriculture, mushroom cultivation, animal husbandry (goatery, poultry, fishery, piggery), achar/ ppapad/ agarbatti making, etc.
- SAIL has been always a trend setter in supporting people during natural calamities and recently it has supported construction of low cost houses at Leh after a cloud burst, providing galvanized sheets to Sikkim earth quake victims, contributing to Chief Minister's Relief Fund for aid to people affected by the Odisha floods, and provided flood relief packets during the floods in Uttar Pradesh.

**GAS AUTHORITY OF INDIA LIMITED (GAIL):** Gail is India's largest natural gas company and ranked as the top gas utility in Asia. But GAIL is more than just a gas company. As a conscious corporate citizen, the organization believes that it has a social purpose. GAIL's motto statement 'Tomorrow is yours' is also a reflection of the hopes aspirations and dreams of the many beneficiaries of the CSR initiatives. Tare many programmes for social upliftment that are run by GAIL under different heads of programme:

- ✓ Programmes under this aspect focused in construction and renovation of numerous public utilities and buildings such as bus shelters, community halls in villages.
- ✓ Sponsoring mid-day meal for underprivileged children in government schools. In the last two financial years more than 314,000 families have benefitted from the programs under Community Development.
- ✓ In the field of sanitation, GAIL promotes public and personal hygiene, facilitates and supports construction of individual and community toilet units on household level, village level, schools and Aanganwadis. Promoting best practices in waste management, especially biomass waste etc.
- ✓ GAIL has installed over 630 hand pumps /bore wells across Madhya Pradesh, Uttar Pradesh, Uttrakhand and Haryana. Provision of drinking water has perpetually emerged as an area of concern, especially in the remote rural pockets of the country.
- ✓ A slew of projects have been undertaken to address critical issues such as school dropout rate, literacy rate education for out of school children, equipment and infrastructure for schools among others. To facilitate access to quality education by the less privileged children, the GAIL Charitable and Education Trust was set up in 2009 to awards scholarships to meritorious poor students.
- ✓ **GAIL Utkarsh**, an education centric flagship GAIL CSR initiative, is aimed at securing the future of brilliant students whose dreams may have otherwise perished due to lack of finances. This pioneering project provides all-expense paid, specialized residential coaching/intensive mentoring so that bright students from under privileged can compete for engineering entrance examinations such as IIT/JEE, AIEEE, UPTU etc.
- ✓ GAIL's **Project Arogya**, a flagship GAIL CSR initiative, which caters to the gap in the primary health care system delivery by providing Medical outreach service through 16 Mobile Medical Units across 6 states Uttar Pradesh, Madhya Pradesh, Uttrakhand, Gujarat, Haryana and Punjab with a focus on Awareness, Diagnosis and Cure model.
- ✓ HIV/AIDS Awareness Camps have been organized in U.P., M.P. and Rajasthan.
- ✓ GAIL has supported numerous medical/ Health outreach camps in rural areas, Eye Screening & spectacle distribution Camps. GAIL also endeavors to strengthen the healthcare infrastructure and services by provision

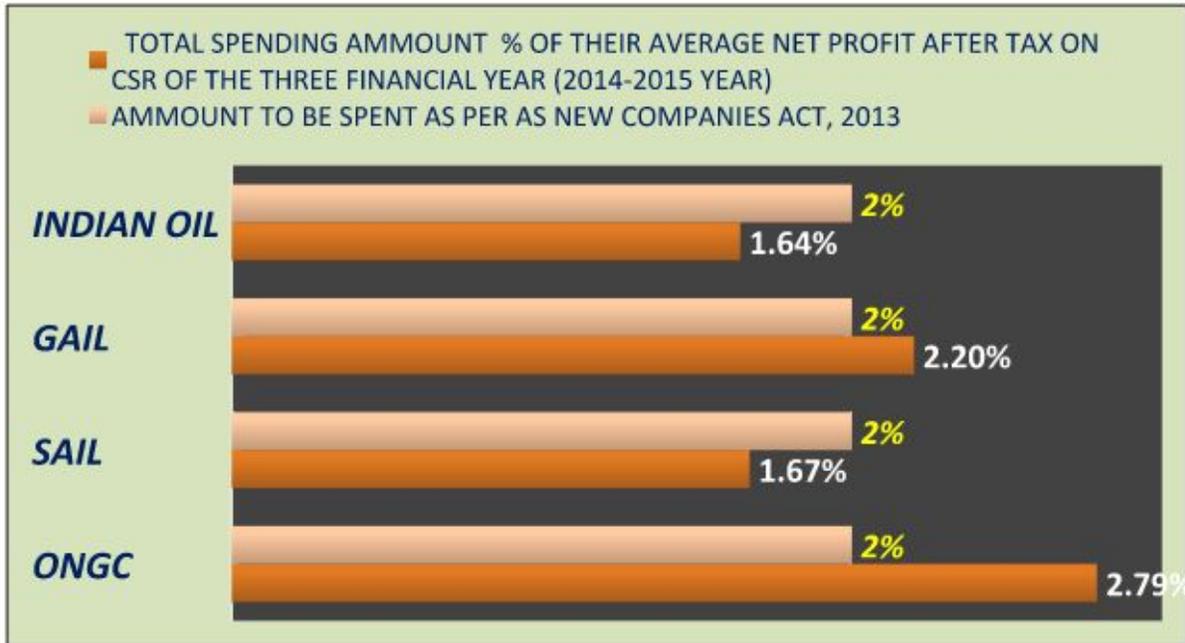
of ambulances, diagnostic equipment and construction of hospitals/ specialty wards etc.

- ✓ **Project Swavalambh**, a flagship GAIL CSR initiative, have been imparting skills based training in retail hospitality & facility management to rural youth of country along with placement support. In the FY 2013-14, over 2700 youth were provided training in the sectors of retail, sales, hospitality, BPO Service, Facility Management etc.
- ✓ **Project Sreejan**- Long Term Relief and Rehabilitation Project focusing on Livelihood promotion and capacity building for women and youth in flood affected regions in Rudraprayag, Uttarakhand.
- ✓ GAIL's investment in rural infrastructure is driven by the welfare of communities that live close to its work centres. These include projects improving connectivity between villages and/ to towns and cities through construction of village approach roads, village adoption programmes, construction of community centres, community toilets, Aanganwadi buildings, school buildings and libraries to benefit the community at large.

**OIL AND NATURAL GAS CORPORATION LTD:** is the No. 2nd Exploration & Production company in the world and is amongst the top 5 Energy companies in Asia, and 21st in the overall listing of global energy companies (Platt's Top 250) Global Energy Company Ranking 2012. ONGC was given the coveted status of "Maharatna" Central Public Sector Enterprise (CPSE) on 16 November, 2010 by the Government of India. ONGC has been a pioneer in corporate social responsibility practices. It has been actively involved in the following operations:

- ✓ ONGC has undertaken many significant activities such as operating village clinics in concessional area, providing 1500 artificial limbs to the amputees, medicines and ambulance services, undertaking farming of about 4000 acres of land to popularize modern methods of farming in Sudan.
- ✓ ONGC has provided 'Alisha Washer' which is used for conducting pathological tests of thalassemia patients to the Thalassemia Society of India, Kolkata which will benefit about 1800 Thalassemia affected patients every year. It is also providing support to polio eradication programme through various NGOs and is also organizing regular medical camps in remote villages in project areas.
- ✓ ONGC launched the project 'Saraswati' in west Rajasthan for exploring deep underground water resources in the desert/drought prone areas.
- ✓ ONGC launched several CSR Projects during 2010-11 such as GICIET-Computer Education Project with Bharatiya Vidya Bhavan for setting up of five computer centers for unemployed youth,
- ✓ For promoting entrepreneurship, the company is supporting the 'Bunkar Vikas Sansthan' for helping poor weavers in Madhya Pradesh. 'Gram Sarv Utthan' with SEED (Society for Educational welfare and Economic Development) focusing on adult education and vocational training to community youth, Project 'Yuva Samridhi' for helping cooperative self help groups in Assam, Programs for empowerment and development of women employees including program on gender sensitization were also organized during the year.
- ✓ Disaster management is one of the focus areas of CSR in ONGC. Relief and Rehabilitation work for Orissa cyclone, Gujrat earthquake and Kargil war victims etc. are certain other commendable measures taken by ONGC in this area.
- ✓ Promoting health care including preventative health care and sanitation and making available safe drinking water, Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled.
- ✓ Setting up homes and hostels for women and orphans; setting up old age homes, day care centres and other such facilities for senior citizens, Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and work of art; setting up public libraries; promotion and development of traditional arts and handicrafts, Training to promote rural sports, regionally recognized sports, Paralympic sports and Olympic sports.

***SPENDING AMMOUNT OF MAHARATNAS ON CSR ACTIVITIES (2014-15 FY)***



## VI. CONCLUSION & RECOMMENDATIONS

Section 135 of the companies Act, 2013 states that every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more net profit of rupees five crore or more during any financial year that the company spends, in every financial year, at least 2% of the average net profit of the company made during the three immediately preceding financial years, in pursuance of corporate social responsibility.

The above figure highlights the CSR expenditure in percentage of Indian Maharatnas companies in the financial year of 2014 to 2015. The expenditure incurred on CSR activities by ONGC was 2.79%, which was more than the mandatory amount given by companies act. SAIL has spent a expenditure of 1.67%, less than the standard amount. GAIL has spent 2.20% on CSR, more than standard amount & IOCL has spent 1.64% only, less than the standard amount. So there is only two companies fulfill the standard of new act, 2013 and other failed to fulfill to achieve the standard. Companies have not spent the targeted amount, mentioned their reason for being failure on their website. These companies also provided the details their spending on particular area where they spent on their websites.

Review of literature helps to conclude that Indian Maharatnas have been runners to social upliftment of the society through their CSR activities. Companies are indeed contributing to the foundation of CSR in India with their desired methods of intervention. They are more addressing on the social development activities such as Livelihood promotion, community development, health care facilities in the rural areas of society, taking education initiatives for the society prone areas, providing fellowship to the SC/ST students & poor candidates for their education , adopting the villages for their upliftment, providing vocational training for their self employment, helping the natural disaster victims, construction the community hall, hospitals, schools, public toilets, arranging mobile clinics for the needful areas of society. So it is proved that CSR is playing a important role to social development of society. It is recommended that the companies must spend much amount on social development especially in less privileged states rather than concentrate in resource rich states. Experience has shown that working with NGOs is more worthwhile and result oriented for society development so companies should join hands with NGOs is therefore advisable.

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