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CSR Initiatives in the rural development sector

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Abstract

This paper discusses the impact of the CSR activities taken by companies for the development rural sector. The companies have taken various CSR activities in the empowerment and upliftment of rural areas. To study the impact and extent of CSR activities in rural sector, ten public and private companies were selected across industries. The present study is based on secondary data using web-based research, magazines, journals, newspapers, TV programmes. The paper concludes that social responsibility in India has gone beyond charity and donations and is implemented in a systematic manner. The activities has led to the development of rural community.

Keywords: Corporate social responsibility (csr), initiatives, rural development

1. Introduction

Since the beginning of the century the term CSR is gaining momentum in India. However, this is not a novel concept in India. The Ministry of Corporate Affairs has defined the CSR rules and regulations. It focuses on fulfilling the responsibility not only towards the shareholders but towards all stakeholders: shareholders, employees, creditors, suppliers, government, and community at large. India is a two-thirds of the population still resides in India. So, the CSR activities should be taken for the development of rural sector.

Meaning

As per United Nations Industrial Development Organization (UNIDO), "CSR is the way through which a company achieves a balance of economic, environmental and social imperatives while meeting the expectations of shareholders and stakeholders at the same time". The World Business Council for Sustainable Development (2011) defines it is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. The European Commission (July 2001) defines the Corporate Social Responsibility as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment and the relations with stakeholders"

The Companies Act 2013 states that every company whether private limited or public limited having a net worth of either 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 for the last three financial years on the corporate social responsibility activities. Before 2013 it was voluntary and not mandatory.

Evolution

Howard R. Bowen's presented the idea of CSR in 1953 in the book 'Social Responsibilities of Businessman'. Since then, the term corporate social responsibility has gained momentum. In India, CSR growth runs parallel to country development. The evolution of the corporate social responsibility is divided roughly into four phases.

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1. **First phase (1850-1914):** The first phase was driven by the idea of philanthropists and charity imbibed through family values, traditions, culture and religion. The industrialists used to set up temples or religious institutions for the society and provide with food and shelter in famines. The business houses like Tatas, Birla's, Modis, Godrej had set up various charitable foundations, educational and healthcare institutions, and trusts across the country for community development.
2. **Second Phase (1914-1960):** This phase was characterised by social development. The phase witnessed independence struggle when leaders like Mahatma Gandhi motivated the business houses to benefit the society and gave the concept of trusteeship and referred industries as "Temples of Modern India". He urged the business houses to set up trusts for colleges, research and training institutes, hospitals in order to implement social development (Mohan 2001). The aim in this phase was to consolidate and amplify social development.
3. **Third Phase (1960-1980):** This era was driven by a mixed economy (KPMG, 2008). There was strict legal and public regulation of business activities in this phase. The Public sector undertakings has been set up extensively but in their role in meeting the development issues was only to a limited extent. Private sector undertakings started emerging and contributing to the socio-economic development of the economy.
4. **Fourth phase (1980 to Present):** In this phase the CSR has moved from philanthropic approach to integrated business approach. In the 1990s, the liberalisation lead to opening up and deregulating of the economy to convert into a global market. The controls and license systems were abolished which lead to the boom in the Indian economy. The industrial growth increased, and profits of the companies also increased making it possible for them to spend on CSR activities.

Objectives

The main objectives of the study are:

- 1) To understand the concept of CSR and its evolution in India.
- 2) To analyse the CSR activities of selected public and private Indian companies in the area of rural development.
- 3) To assess the impact of CSR activities on the development of rural sector in India.

Methodology

The study based on the secondary data. The data is collected from journals, magazines, books, newspapers, TV programmes and websites. For this study ten companies (private and public) were selected across the sectors. The companies selected were i.e. Oil India Limited, Aditya Birla Limited, Tata Steel, Abuja Cements, Bharti Airtel limited, Infosys Limited, HDFC Bank Limited, Rural Electrification Corporation Limited. The CSR activities were classified under five areas:- Livelihood, Health, Education, Environment and Instructure.

Analysis of CSR Activities

The study shows that all companies have CSR policies and practices in place in their mission statements, vision documents, organizational policy and plans and on their websites. The CSR activities are implemented directly by the company either through the CSR division or Human Resource Department or the Local management of manufacturing unit of the company in association with NGOs, academic institutions, international agencies and with Government. It was found that major resources were spent by the companies on education followed by health and livelihood. The list of CSR activities carried by companies in various thrust areas is exhibited in Table 1.

Table 1: CSR initiatives taken by the companies for Rural Development.

Thrust areas	Activities
Education	1. Grants in aids to schools for necessary infrastructure,
	2. Supply of study materials to students
	3. Coaching Centers for Students
	4. Sponsorships to Students
	5. Constructin schools
	6. Primary and Vocational Education
	7. Adult education Programme.
Livelihood	1. Providing farmers with information pertaining to weather, prices of crops, horticulture, forestry, government schemes, loans procedure etc.
	2. Providing support for agriculture produce/ business.
	3. Forming Women Self Help Groups and assisting them.
	4. Opening Vocational Training Centres and Institutes.
Health	1. HIV/AIDS Awareness Camp and General Medical Camp
	2. Reducing child mortality
	3. Building Hospitals
	4. Children Vaccinations Programme.
	5. Maternal care
	6. Awareness Campaigns about maintaining Health and hygiene and Prevention of diseases.
	7. Blood Donation Camps
	8. Mobile dispensaries and Free health centers
Environment	1. Environmental greening and tree plantation.
	2. Bio-gas plants.
	2. Environmental Auditing, Initiative and Environmental Awareness
	3. Power saving programs,
Infrastructure	4. Waste management, Forest Management.
	1. Construction and development of roads and bridges
	2. Provision of drinking water and sanitation
	3. Rehabilitation Programme after natural calamities
	4. Land & water management, rainwater harvesting

Limitations

The main limitation of the study is that a very small sample is selected out of more than 500 Indian companies. Secondly, information is collected from print literature, websites of these companies and no primary data were collected directly from the stakeholders through interviews or surveys.

Conclusion

In the global economy the Corporate Social Responsibility have to be undertaken by the corporate firms. The CSR activities are undertaken by the firms for the socio-economic development of the country. The study shows that all surveyed companies have a CSR policy and practice in place. The CSR initiatives in the rural development sector has a positive impact on overall development of society.

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