

A STUDY ON CORPORATE SOCIAL RESPONSIBILITY (CSR) AND ITS ROLE IN RURAL DEVELOPMENT IN INDIA

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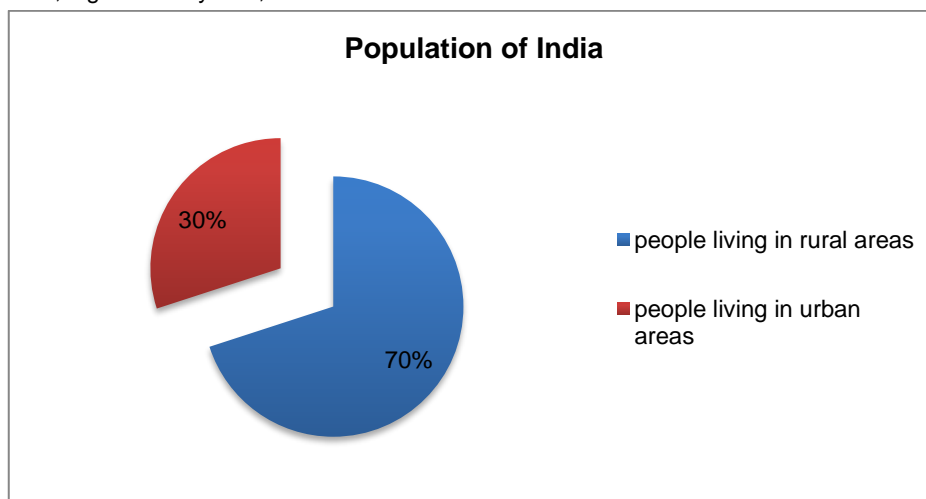
ABSTRACT

Even after 75 years of independence, still, 70 percent of India's population resides in rural areas and depends mainly on agriculture for their livelihood. Rural development refers to economic and social progress in the lives of the people living in rural areas. A large part of the rural population deprives of education, health facilities, basic amenities, infrastructure facilities, hygiene, sanitation, modern technology and so on. So, the growth and development of India cannot be possible by ignoring the rural population. As Mahatma Gandhi also said that the actual progress of India did not mean simply the growth and expansion of urban industrial centers but mainly the development of the villages. Corporate as a part of society has a responsibility towards them. Corporate Social Responsibility (CSR) is one of the mediums by which a company can do for the betterment of the people. It is the commitment of a corporate to contribute to sustainable development and improve the lives of society. Policymakers and development specialists have recognized "CSR" as a feasible driver for rural development. The present paper attempts to highlight the role of corporate Social Responsibility (CSR) in rural development of India as well as to address the various CSR projects and the amount spent on these projects in the financial year 2020-21 by the corporate in India with the help of secondary sources.

Keywords: Corporate Social Responsibility (CSR), Rural Development, CSR Programs, Corporate.

Introduction

India is a country of villages as 70 percent of India's population lives in rural areas, still these villages are underdeveloped due to poverty, unemployment, hunger, illiteracy, ill health, inadequate infrastructure, high mortality rate, etc.



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Neglecting the development of rural areas can give rise to degradation and depletion of rural population's welfare as well as harmful for the business and the society. Therefore, it is necessary to provide adequate and quality social services and minimum basic needs for economic growth and social justice but this is not only the responsibility of the government. It also needs more participants to be involved in the process of rural development. Thus Corporate Social Responsibility (CSR) is considered a significant motivating factor for the corporate house to work for the rural development which will help them to enhance the image of their business.

Corporate Social Responsibility (CSR)

Today, CSR is a widely accepted management concept. CSR is also known as corporate conscience, corporate citizenship, social performance, or sustainable responsible business. CSR is a process with the aim to take up responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, communities, employees, etc. A company, by involving in CSR, mitigates its negative impact and enhancing the environment and society.

"CSR is a voluntary commitment by business to manage its role in society in a responsible way."(International Chamber of Commerce,2010)

Rural Development

Rural development is quite a broad term, but it essentially means a plan of action for the development of rural areas which are lagging in socio-economic development. It usually refers to the way of enhancing the quality of life and financial well-being of individuals, specifically living in remote areas.

Review of Literature

Following are the literature reviews that have been studied related to Corporate Social Responsibility (CSR) and rural development:

R. Ashok Kumar, M.K Ganeshan, and Prof. C. Vethirajan, in their article, "role of CSR on rural development in India", focused on the relationship between CSR and corporate activities taken by the organizations for rural development. This study aimed to study about CSR activities as well as examine the role of CSR in rural development of India. This paper also discussed the various CSR activities which are taken by the corporate for the development of remote areas. Moreover, it also focused on the impact of these CSR activities on rural development.

In the article, "corporate social responsibility Initiatives towards rural Infrastructural development: An Indian perspective", by Ayush kumar and Kavita Singh discussed the holistic view of CSR and copious CSR initiatives taken by corporate to develop rural areas by providing essential infrastructural services. The objective of the study was to examine sector-wise CSR activities taken by corporates to offer essential services to the people of rural areas for their development. The data were collected through secondary sources such as journals, websites, newspapers, periodicals, corporate CSR policy books, etc. In this paper, the authors classified various initiatives into livelihood, health, education, agriculture, environment, and community development which are taken by different corporate houses.

Sarif Mahd, in this article, "of Corporate Social Responsibility In Rural Development: Evidence from India", addresses CSR activities and the issues related to rural development in the light of the implementation of mandatory CSR. The objective of this study was to explore the present status of rural development in India and to examine the CSR projects being carried out by Indian corporates for rural development. This study is exploratory and based on secondary data. The data published by the ministry of rural development was taken into consideration for the purpose to review the rural development in India. It was found that many companies spend CSR on education and health care, followed by rural development and the environment.

An article, "challenges and corporate social responsibility for rural development in India", by Anuradha Jaidka analysed the corporation's attitude of resistance/ignorance or sustainability in fulfilling their responsibilities towards community and environment. This paper also focused on approaches to corporate sector community development in India. The impact of various CSR practices has been undermined in different rural areas in India in terms of livelihood, health, education, environment & infrastructure. It has been concluded that many companies have well-defined CSR policies, and few corporate have well-implemented these policies for betterment of the rural society. There has been some research undertaken on CSR and rural development in India, but still, there is a gap related to this topic. There has been no studies taken on the role of CSR in rural development and the expenditure on CSR by some of the corporates of India for the development of the rural areas during F.Y 2020-21.

Objectives of the Study

The following objectives are formulated on the basis of the research gap:

- To highlight the role of CSR in rural development of India.
- To address the various CSR projects and the amount spent on these projects by some of the corporates of India during the F.Y 2020-21

Research Methodology

The nature of this study is descriptive. The top nine CSR projects for rural development by nine corporates are taken for this study. Secondary sources have been used to accomplish the objectives as mentioned earlier. The data have been collected with the help of books, journals, websites, articles, newspapers, etc.

Corporate Social Responsibility (CSR) Projects for Rural Development in India for the Year 2020-21

The top nine CSR projects for rural development in India based on the CSR funds allocation of each company for the F.Y 2020-21 are as follows:

- Rural Electrification Corporation (REC) Limited is a Navratna company under the Ministry of Power. They fund their business with market borrowings of various maturities, including bonds and term loans apart from foreign borrowings, on their own. Domestically, they hold the highest credit ratings from CRISIL, ICRA, IRRPL, and CARE, and they are rated internationally at par with the sovereign ratings.

REC contributes to rural development through its unceasing endeavors and by creating infrastructure and community-based interventions to electrify every household. It undertook the construction of hospital and admin offices below the Saraswathi plaza, infrastructural development between temple street and Saraswathi Edge and restoration, and developmental work of several kinds in Kedarnath town and surrounding areas.

- Oil India Limited(OIL) symbolizes the development and growth of the petroleum industry in India. Today, this company is engaged in the exploration, development, and production of crude oil and natural gas and production of LPG. It also provides various E&P-related services, and holds 26% equity in Numaligarh Refinery Limited.

OIL has been taking various infrastructure projects such as educational infrastructure, community infrastructure and roads and bridges in and around its area of operation for the welfare of society. Over the years, the company has constructed many public stages, libraries, auditoriums, computer centers, lecture halls, playgrounds, waiting sheds, schools, and institutes of higher education, as well as upgraded and developed rural hospitals for augmentation of rural infrastructure in the areas of operation in Arunachal Pradesh, Assam, Rajasthan, Mizoram and Andhra Pradesh.

- India's biggest cement company, as well as the largest exporter of cement clinker, is Ultra Tech Cement Limited, based in Mumbai, India. It is a part of the Aditya Birla Group and a division of Grasim industries. It has an annual capacity of 64 million tonnes. Ultra Tech's products include Ordinary Portland cement, Portland Pozzolana cement, and Portland blast furnace slag cement.

Ultra Tech Cement recognized that the village's economy is vital for the stability and growth of the Indian economy. It ensures lower rates of migration by encouraging the development of these areas. It helped in creating model villages in rural India. It has selected 100 villages for such a transformative project. It supports society by providing housing facilities, safe drinking water, health and hygiene, and renewable source energy; as in any organization, Infrastructure is a crucial enabler for the provision of essential services. It has helped to build school blocks, community halls, approach roads, playgrounds, hand pumps, and water harvesting structures, and facilitated village drainage across the country. It aims to help the villagers become self-reliant in every sphere over a five-year timeframe as well as help them to move out of the 'below poverty line' status.

- Divi's Laboratories Limited has been established for more than 29 years in Hyderabad, India, with two manufacturing units and is among the top pharmaceutical companies in India. It is the leading manufacturer of APIs (Active Pharmaceutical Ingredients), intermediates, and registered starting materials offering high-quality products with the highest level of compliance and integrity to over 95 countries.

The people living in villages are sometimes deprived of essential community infrastructure due to a lack of proximity to urban areas. Divi strives to bridge this imbalance by contributing to the development of rural areas. Some of the significant projects undertaken in F.Y 2020-21 were the

development of the children's Park at P.M Palem, gym equipment and distribution to Cherukupalli Panchayat, cricket kits distribution to two villages, distribution of LED lights to Thudem, and provision of kitchen shed and toilets at Maddipeta.

- Hindustan Zinc Limited was incorporated from the erstwhile Metal Corporation of India on 10th January 1966 as a Public Sector Undertaking. They are India's most prominent and the world's second-largest integrated zinc-lead producers. Their main products are refined zinc metal and refined lead metal. Moreover, they also recover silver and cadmium as by-products.

Hindustan Zinc Limited carried out several projects which aimed to address the basic needs of the rural communities. Some of its initiatives that aimed toward the development of model villages were the construction of schools, community halls, Primary health centers, water tanks, cremation centers, roads, drains, etc. The company is well-versed in the importance of safe and hygienic potable water and health to the sustenance and development of the rural communities. The company's community infrastructure development initiatives spanned 109 villages, developing government schools by providing basic amenities in 47 schools, benefitting more than 1,20,000 villagers.

- Bharat Forge Limited is a preferred technology & engineering-driven development partner and global leader in metal forming. It serves several sectors, including automotive, railways, aerospace, marine, power, oil & gas etc. They have a transcontinental presence across ten manufacturing locations spread across India, Germany, Sweden, and France, and North America being the world's largest forging company and amongst one of the best aerospace forging companies and automotive forging companies.

Bharat Forge is developing 100 villages in 5 districts in Maharashtra. Drinking water and agriculture were taken as the prime indicators of development besides development of livelihood creation, internal roads, education, and health. The projects are conducted, managed, and monitored by a dedicated team of experts with diverse and extensive experience. The company has helped in the conservation of more than 127 Cr. liters of agricultural water and build 3 tanks with a total water storage capacity of 1,45,000 liters per day.

- India's largest fast-moving consumer goods company is Hindustan Unilever Limited, with a heritage of over 80 years in India, and touches the lives of two out of three Indians. With over 35 brands spanning 20 distinct categories such as soaps, shampoos, detergents, deodorants, tea, cosmetics, skin care, packaged foods, water purifiers, ice cream, etc., are a part of the everyday life of millions of consumers across India.

A sustainable community development initiative taken by the company, "Project Prabhat", is linked to the Unilever Compass. It aims to create sustainable communities in and around the company's sites through focused interventions on economic empowerment, environmental sustainability, health, and education. Project Prabhat has reached close to 6 million people across 19 states and two union territories since its inception in 2013.

- Chambal Fertilisers and Chemicals Limited accounts for nearly 15% of the total urea produced in the country. The company has contributed to the food security of the country with responsibility for more than two decades. Its three hi-tech nitrogenous fertilizer (urea) plants are located at Gadepan in the Kota district of Rajasthan.

The company has undertaken rural development projects to cater to the basic needs of the community members residing in nearby villages after realizing the need to improve in rural infrastructure facilities. The company had focused on the development of the basic facilities in nearby towns such as rural roads, stormwater drainage systems, community sheds, community halls, electrification of public places and construction of 3 new integrated Aanganwadi centres in school premises, and renovation of 11 Government schools during the F.Y 2020-21.

- Cummins India Limited designs, manufactures, distributes, and services diesel and alternative fuel engines from 2.8 to 95 liters, diesel and alternative-fuelled power generator sets of up to 3000 KW, as well as related components and technology.

This program benefits more than 50000 lives in rural areas. Cummins continuously support for holistic development of villages with a focus on increasing the income of families in the year 2020. The organic farming and Community farming program were scaled up with the help of experts and a scientific approach. So far, 559 model farmers are developed and have adopted 100% organic farming practices, which doubled the income of many families. Sixty farmers were given training by a subject matter expert agency to increase revenue from dairy farming. It resulted in a significant increase in milk production.

The CSR Projects as mentioned above for rural development, including other details related to these, are summarised and presented below in a tabular form:

Name of the Company	Name of the Initiative	Sub Thematic Area	Total Expenditure on the Project (in Crores)	Total Prescribed CSR in 2020-21 (in Crore)	Actual CSR Spent in 2020-21 (in Crore)
Rural Electrification Corporation Limited	Rural Development Project	Rural Development/Community Development	9.41	144.32	147.75
Oil India Limited	Construction of roads and bridges	Rural Development/Community Development, Rural Livelihood	7.36	49.12	105.25
Ultratech Cement Limited	Rural Development Program	Rural Development/Community Development	11.88	73.72	120.68
Divi's Laboratories Limited	Village Development	Rural Development/Community Development, Rural Infrastructure	6.15	31.88	34.35
Hindustan Zinc Limited	Community Assets Creation	Rural Development/Community Development, Rural Infrastructure	5.92	196.5	214.0305
Bharat Forge Limited	Village Development	Rural Development/Community Development, Rural Livelihoods, Rural Infrastructure	5.91	22.53	18.3800
Hindustan Unilever Limited	Project Prabhat	Rural Development/Community Development	5.33	161.7	165.08
Chambal Fertilisers & Chemicals Limited	Project Saakar	Rural Development/Community Development, Rural and Education Infrastructure	4.49	19.58	19.65
Cummins India Limited	Rural Development Projects	Rural Development/Community Development, Agriculture	3.8955	16.0848	16.0848

The above table shows the various initiatives taken for rural development in different sub thematic areas and the amount spent on these projects in crores during F.Y 2020-21 by these corporates of India. This table also shows the total prescribed amount of CSR, and the actual amount of CSR spent by these corporates during F.Y 2020-21 in crores.

The above table is also represented through the following diagrams:

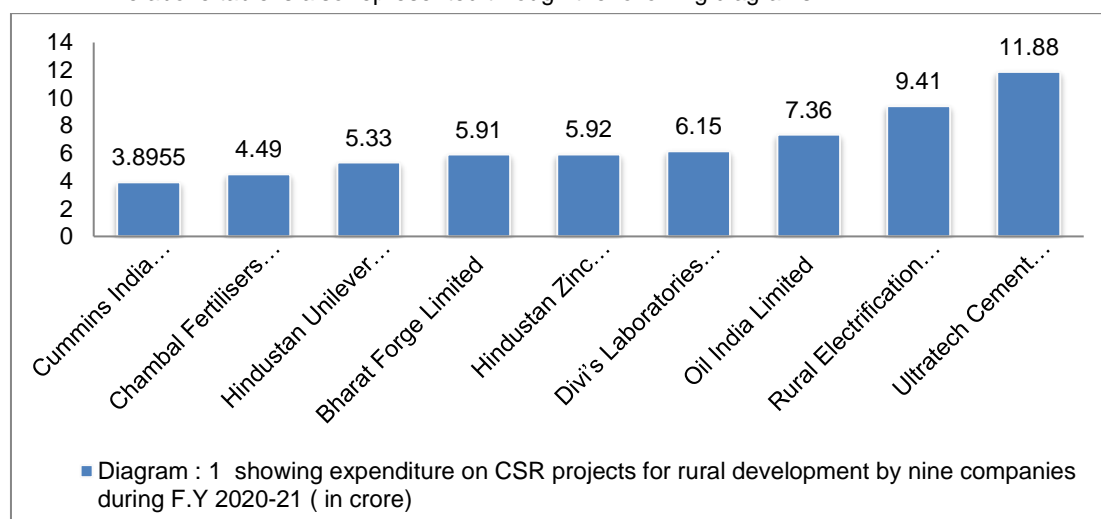


Diagram 1 shows the expenditure on CSR projects for rural development by nine companies in ascending order during F.Y 2020-21(in crore). From the above diagram, it is observed that these companies spent a large amount on CSR projects for rural development. Cummins India Limited spent 3.8955 crore, which is the lowest spending amount on CSR projects for rural development among these nine companies and Ultratech Cement Limited spent 11.88 crore, which is the highest spending amount on CSR projects for rural development among these nine companies during the F.Y 2020-21. These corporates are started different initiatives, but all are for the development of rural areas.

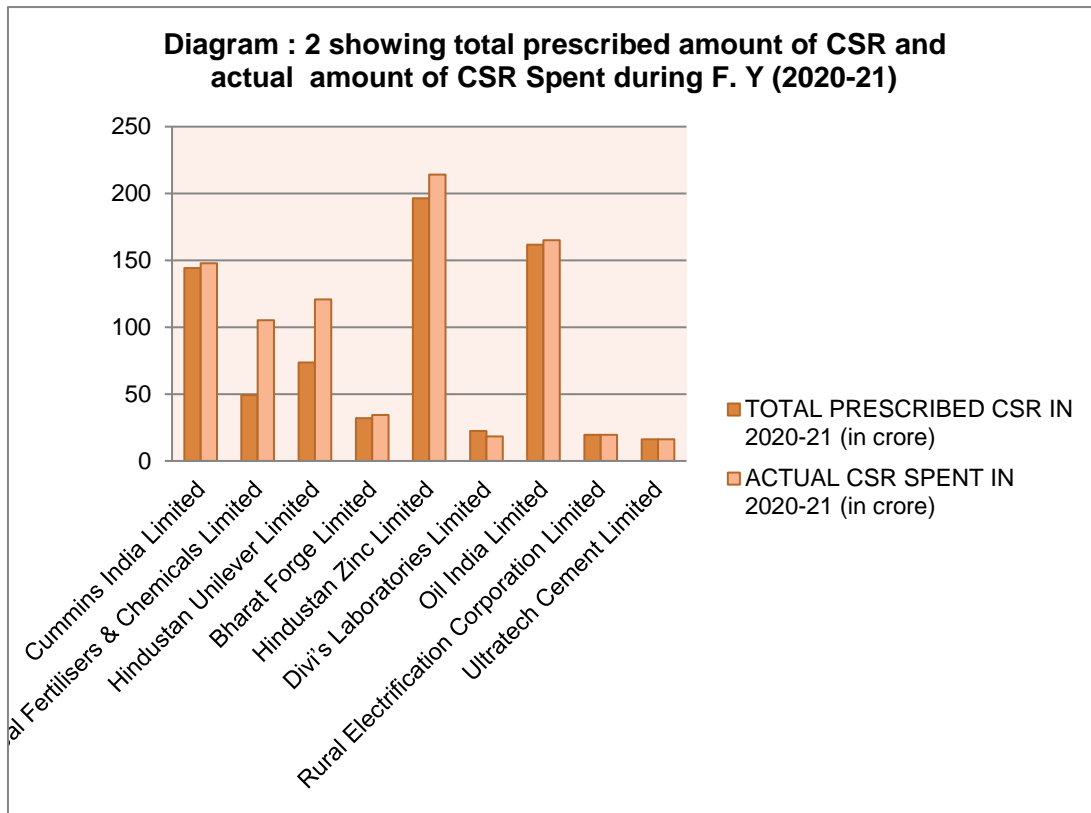


Diagram 2 shows the total prescribed amount of CSR, and the actual amount of CSR spent during the F.Y 2020-21(in crores). It is evident from the above table that Cummins India Limited, Chambal Fertilisers & Chemicals Limited, Hindustan Unilever Limited, Bharat Forge Limited, Hindustan Zinc Limited, and Oil India Limited spent more than the prescribed amount of CSR during the F.Y 2020-21. Only Divi's Laboratories Limited spent less than the specified amount of CSR during the F.Y 2020-21. Both Rural Electrification Corporation Limited and Ultratech Cement Limited spent equal to the specified amount of CSR during the F.Y 2020-21.

Conclusion

To conclude, rural development is vital not only for the majority of the population living in rural areas but also for the overall economic and social development of the India. So corporates should focus on it as much as possible. Some of the suggestions to corporates for rural development are as follows:-

- Fulfill basic needs and facilities of villagers.
- Make smart villages instead of smart cities for the development of the nation.
- Establish new firms or industries in remote areas, so it employs villagers.
- Provide vocational training to villagers.
- Start a program that develops a skill in the villagers.
- Construct schools, hospitals, toilets, training centers, etc, for villagers in remote areas.
- Start a village improvement awareness program.

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