

THE EMERGING ROLE OF CSR PRACTICES ON SUSTAINABLE ECONOMIC DEVELOPMENT OF INDIA

Dr. Md. Mahtab Alam*

ABSTRACT

Economic think tanks predict India to be the world's largest economy by 2050. This would require India to accelerate its industrial and infrastructure development. Industrialization based economic development will have a negative impact on the environment and hence sustainable development. Such steps could affect the social and environmental bottom line of the national economy. In the present globalised environment, Corporate Social Responsibility (CSR) is considering as a tool of sustainable development. Worldwide people, international organizations, states, organizations of civil societies are involved to act their role to restore the ecosystem of the earth. Required logical parameters supported with legal provisions are setting up for the corporate world. In financial term, corporate sectors are bounded to expend a certain percentage of their average profit on safety of environment and activities that are essential for the improvement of life standard of society like healthcare, water and sanitation, education, plantation, and other facilities which are essential for the rural development. In the present scenario, CSR practices are being considered as legal responsibility of corporate world. The aim of this paper is to highlight the importance of CSR in globalised environment. The paper also attempts to emphasize that Corporate Social Responsibility is essential for economic development as well Environmental Sustainability.

KEYWORDS: CSR, Sustainable Development (SD), Impact of CSR on SD.

Introduction

India is slated to be the world's biggest economy by 2050 (ARMSTRONG, 2012). Such growth will come from rapid industrialization. India's economic growth has not translated to inclusive development for a large part of its population. The country is currently in the process of balancing its economic ambition with development that is sustainable and inclusive. This paper explores the linkage between Corporate Social Responsibility (CSR) and sustainable development (SD) in emerging economies like India. In 2010, the Indian Government made CSR mandatory for more than 200 public sector undertakings (PSU), asking them to spend, on an average, 2% of their net profit on CSR. This guidelines, further revised in April, 2013, links CSR with SD. In August 2013, the top 1% of all listed Indian companies were mandated to spend 2% of their net profit on CSR. It has long been recognized that economic activities adversely impact the environment and society. Natural resources are depleted, environment polluted, ecosystems destroyed, and local villages and communities are displaced by the activities of economic development. These economic activities are badly affecting the natural phenomena of the glorious world. Industrial units of corporate bodies are taking ownership on natural resources and other means of public undertakings via the channel of disinvestments and other government policies. They are using them illogically in their own interest and for the maximum benefit of their stakeholders. But bad effects of these activities are creating pollution like air, water, noise etc. and scarcity of glorious natural resources that are taking place of natural calamities. Thus, these activities of corporate bodies must be liable and responsible for the bad effects of the entire chain from their source in natural resources to the final disposal as end products.

* M.com., Ph.D, Department of Commerce & Business Administration, T.M.B.U., Bhagalpur, Bihar, India.

As a mode of enforcement of human rights, labour and environmental standards, corporate social responsibility (CSR) have long been a potential way for non-equality created by economic liberalization and competence. It is understood that the corporation is not just a profitable profit institution, but it is also necessary for the company and its actions to be economical, society and environment in which they work. The CSR concept in contemporary social-economic scenario is widely linked to business ethics in all parts of the world. There is a need for CSR in developing nations where economic differences become more pronounced and environmental and society is more dangerous than human-threatened environmental risks. India is a country of great contradictions. With the rejection of economic distinction between urban citizens, semi-urban and rural population, the country is largely paused. Market-based economic practice has increased the capacity of non-equity in the country. Social development and social security in emerging business culture of competition and competitive competition are just a single acquisition for the dangerous part of society in health, education and social security. It has been acknowledged that the Indian government has tried to create a sense of business ethics and responsibility among corporate corporation, as well as legal and ideological resources. There are many examples where corporate play an important role in solving the issues of education, health, environment and economy through their corporate social responsibilities. Private business enterprises, tariffs and releases have been pursuing CSR for decades, before CSR is one of the leading economic institutions to promote the culture of social welfare and environmental sustainability.

Review of Literature

- **Bansal (2014)** opines that CSR is imperative for sustainable growth and survival, high marketing image, satisfaction and long term benefits of the organization.
- **Denis et al (2012)** say, factors play a vital role in creating community, policy, mission and vision, workforce and environment CSR. Those factors include the environment and mission and the vision that people have to show, the desire to pay, the concept of service quality, and brand image and the strongest power in Waddock (1997) found that the CSR is all the result is a strong performance in the surfaces.
- According to **Francesco et al (2008)**, companies use different management strategies and tools to supplychains as well as to cope with CSR issues.
- **Yoon et al (2006)** found that CSR activities improve a company's image when consumer attribute sincere motives are ineffective when sincerity of motives is ambiguous, and hurt the company image when motives are perceived as insincere.
- **Dasgupta (2005)** states that maintaining a business means to fulfill social, economic as well as environmental duties on the part of the business.
- According to **Baron (2001)** CSR is used as a social to draw socially responsible users, according to the firms commonly associated with their marketing / business strategy provides good as well.
- **Zaheer et al. (1999)** also opined that a perfectly sustainable business may undoubtedly have favourable results at the same end such as creating new and improved revenue opportunities for the company, maintaining a healthy competition, keeping up the brand reputation, saving cost minimizing risks and many more.
- **Shrivastava (1994)** CSR is undoubtedly thought to be the ability of any firm to achieve great results. But the greatest concern is if we are bothered about the long termism of our short termed efforts.

Objectives

- To study Corporate Social Responsibility in India
- To study the impact of CSR on Indian economy
- To examine the current CSR practices in stainable development of India
- To provide suggestions to improve the greater transparency in CSR

Methodology

Various studies and documents have been reviewed and analyzed. This is a detailed written paper; this study is compiled with the help of secondary data. The main sources of secondary data have collected from books, annual general reports of CSR, magazine, journals and research articles, internet and various online sites which provide relevant information on studying.

Meaning and Definition of Corporate Social Responsibility

CSR and business ethics are mainly building capacity, empowering communities, social economic development, environmental stability, promoting environmental business and energy efficient technologies, development of developing regions, and social welfare and management classes. Focus on the increase. Generally, CSR means corporations and businesses are working on their main goals to maximize profits of their shareholders, keeping in mind social concerns and needs as well as socially follow the work in which they work (Melikyan, 2010). For the sustainable development, the World Business Council has introduced CSR "commitment to sustainable economic development, working with jobs, and local community" business commitment.

The term corporate social performance was first handled by the Seti (1975), which was developed by extension Carroll (1979), and then by Wartick and Cochran (1985). However, to crawl the global CSR, credit goes to Howard Boulder (1953), which highlighted the status of responsibility for accepting its position and business class. Liberal thinker Milton Friedman concept CSR, which has been recognized as the interests of direct and non-profit shares, responded to the response of owner's objectives and shareholder's response (Urmila, 2012). To understand the concept of CSR (Corporate Social Responsibility) it will be simpler if the three terms are understood independent of each other. 'Corporate' means 'organized businesses'; 'Social' refers to 'people and society'; and 'Responsibility' refers to the accountability between the above mentioned two terms, i.e., the accountability between organized business and society. Thus, in its broadest sense CSR asks companies to consider both the social and financial impacts of their decisions.

CSR Business Activities

CSR business activities generally include:

- Policies and procedures concerning areas of corporate governance, business ethics, human resources and employment, supply chain management, stakeholder relations, donations and political contributions, the environment, and health and wellness.
- Regarding setting up objectives, performance, and strategies like reducing carbon emissions, incidents, wastage, comply with laws and regulations, donate percentage of net profit to charitable organizations, increase indigenous workforce, create a culture of transparency, facilitate employee's volunteerism, become the employer's choice and extend the ethical culture throughout the supply chain.
- Regarding communicating and embedding CSR principles and controls into business decision making processes.
- Stakeholder engagement, including: Advisory or focus groups as part of research and development, involvement in policy development and feedback, satisfaction surveys, complaint management processes etc.
- Auditing: Disclosures in public reports, internal controls and management systems, Contractual compliance with CSR terms and conditions etc.
- Reporting results internally and externally, along with governance processes for such disclosures etc.

Meaning and Definition of Sustainable Development (SD)

The concept of sustainable development (SD) can be interpreted in a variety of different ways, but it is a vision of basic development, which produces different balance, and often to combat, inform about environmental, social and economic boundaries, we need to be a society. The concept of SD should additionally "include an ethical dimension of fairness of trade-off between current economic pressures and future needs on environment." In this regard the model "people, planet and profit" presented by John Elkington in 1995 and the "triple bottom line (TBL)" "social, economic and environmental" may be correlated as valuable pillars for sustainable development guidelines. According to WCED, "sustainable development is a development that meets the present needs without understanding the ability of future generations, to meet their needs without any." Durable development is related to the development of society, where the value of growth cannot be transmitted in future generations or at least one attempt is made to compensate for such costs. In this regard the five E's model of sustainability i.e., Economy, Ecology, Equity, Education and Evaluation may be considered. Sustainability has social, economic and environmental dimensions, which are called the three pillars of sustainability. The organizations should understand, identify and manage their material social, environmental and economic impacts, as a part of CSR. Although in the past, some industrial companies

had taken up voluntary social work, it is only since the Rio Earth Summit (1992) that the concept of CSR emerged as a means of promoting industrial and corporate participation in social and environmental issues. In 2002, at the Johannesburg World Summit on Sustainable development, CSR was confirmed as a vital item that could bring together business, government and civil society to achieve sustainable development.

Presently, Organizations worldwide are adopting mission statements and governance activities related to corporate social responsibility (CSR) and sustainable development. Customers, employees, and public stakeholders have increasing expectations for organizations to act in responsible and sustainable ways, and public scrutiny of these activities is rising. This growing attention extends beyond the organization to its partners and suppliers. Increasing regulations relating to the environment and the workplace are leading to new practices and management systems. In response, organizations are developing performance targets, measurement systems, and reporting systems related to CSR and sustainable development strategies. Thus, SD and CSR are nearly the same although there is a small but essential distinction. Sustainable Development is related to the agency principle and is meant to focus on "value creation, environmental management, environmental friendly production systems, conserves the needs of future generations of mind and in this way, CSR is linked to the unity aspect of people and organizations and is related to "things like tolerance, partner negotiation and stability reporting."

Financing Sustainable Development

India needs to find ways for financing development of its people in terms of poverty, education and health among others. International development assistance has not matched the rhetoric of Rio Conference (1992) and economic uncertainty has further slowed down aid from developed countries. Clean Development Mechanism (CDM) has not lived up to its expectation as an alternative financing mechanism. Some cases show that CDM is perpetuating global warming instead of curbing it. It is probably this dilemma of SD financing and an increasing failure of governances that has led to formulation of a host of policies related to SD, Climate Change and CSR in the last 3-4 years in India. The new CSR policies are discussed in detail in the following section. However, whether private investment in sustainable community development can match development assistance both in matter and in spirit needs to be seen. It is not only the quantum of grant that matters but also how it is spent. Development professionals with their international experience can take advantage from the learning curve and can provide more targeted and efficient interventions compared to hundreds of corporations scattered across the country and working without any co-ordinate effort. A Bill and Melinda Gates Foundation can work better at AIDS prevention than a corporate CSR programme even if they spend similar amounts and manpower. Thus compulsory CSR expenditure has its own limitations. On the other hand assistance provided by European and American foundations often come with conditions. While there is a requirement of alternative and greener power sources, effort to switch to, for example, nuclear power with foreign assistance came under heavy criticism. It is in this context, the governments' effort to engage corporate sector needs to be seen. Financing may well hold the key the SD in India and combining and optimizing public private resources could be the way forward. Using essential CSRs can be seen to modernize the development of such financial institutions. Whether such development can be terminated or understood because the SD is being seen.

Corporate Social Responsibility (CSR) Initiatives in India

India is widely considered as a country in which corporate social responsibility has played an important role for a long time. National and international NGOs and UN organizations are involved in public debate in business community and media. However, the involvement of the business community is centered among a few established family-owned companies, in scientific science in both the ideas and processes of the CSR sector. There is no evidence of CSR's activities in the Indian economy's informal sector, which is less than half GDP and 93% of India's workers have been found. Indeed, workers in this sector have not given any right or protection, and all indications are that no effort can be made for fasting, education, health promotion, environment protection, or promotion of employees in business development.

Corporate Social Responsibility (CSR) Practices in India

Different researches at different points of time and classical Indian literature have emphasized the CSR practice of corporate entities in India. A long back Kautilya in his 'Arthashastra' mentions trader's responsibilities to the local society. In ancient India, such responsibilities were voluntary and not mandatory. It is claimed that there is a long history of CSR in India, closely linked to its political and economic history. Development of CSR practices in India can be identified in following four phases:

- **First Phase:** (1850-1914) CSR activities were mainly external to the companies and included donations to temples and various social welfare causes.
- **Second Phase:** (1914-1960) based on Mahatma Gandhi's theory of trusteeship, and social reforms. The reform programmes taken up by the corporate sector included abolishing untouchability, empowering women, starting schools and colleges, and developing rural areas.
- **Third Phase:** (1960-1980) in the context of "mixed economy" where CSR has participated in the promotion of legal activities of business activities, public sector undertakings (PSUs) and labour welfare.
- **Fourth Phase:** (1980 till the present) where both traditional philanthropic engagement and steps taken to integrate CSR into a sustainable business strategy are being followed.

According to the CSR Guidelines, the CSR Policy should cover the core elements like care for all stakeholders, including shareholders, employees, customers, suppliers, project-affected people, society at large, etc.; ethical functioning, transparency, and accountability; respect for workers' rights and welfare; respect for human rights; environment respect; and activities for social and comprehensive development. In India, the following aspects are taken to be part of CSR practices by companies:

- **Education:** Either for their own employees' families, or in the neighborhood where the industry is established. This usually takes the form of scholarship to students.
- **Health:** Clinics in the factory, or medical camps in the surrounding community or village.
- **Tree Planting:** is claimed as an environmental protection exercise
- **Labour Welfare:** in-house labour laws are applied. Donations: to Charitable Trust, religious places, or other NGOs.

Impact of CSR Practices in Sustainable Development of India

India has had a variety of parties from governments and leads the country and during each party's regime hefty amounts of money were allocated in the budget for furtherance of social welfare and assistance to the poor and needy person. Many programs were commenced for alleviation of poverty, employment generation, nutrition, health care and education. Despite all these efforts and initiatives the gap between the rich and the poor continues to grow wider. In this regard, CSR may be able to support the government by undertaking various programs for the benefit of society and the environment. Depending on their basicity and business interest, companies start activities around their operations especially for the economic and social development of the community and geographical areas.

Livelihood: The Grameen-LABS Programme is a programme being implemented by Dr.Reddy's Foundation in partnership with the Rural Development Department; Government of India (Gol). It aims to provide 35,000 livelihoods to rural youth in the age of 18-25 years in 7 States of India. The results of livelihood programmes supported by Bharat Petroleum show that the SHG group members are earning a steady income of ₹2000 per month and members of the banana plantations and poultry are earning an additional income of ₹7000 to 8000 per annum.

Health: The study shows that many companies organise a number of health camps to create health awareness and sensitise people on health related issues like: immunisation, blood donation, water purification tablets, distributing condoms etc. At present scenario, SAIL has conducted 267 health camps benefiting more than 4.5 lakh people. In Lanjigarh (Orissa) Vedanta Aluminum Ltd. covered 53 villages with 32,000 villagers by providing free medicines, treatment and referral services through its mobile health units. Tata Steel Family Initiatives Foundation (TSF IF) established 'Lifeline Express' hospital on wheels which has helped over 50,000 patients in Jharkhand, Orissa and Chhatisgarh.

Education: Aditya Birla Group provided education to 62,000 children living in proximity to the plants by running 26 formal schools. SAIL supports around 138 schools in the peripheral areas of SAIL's plants/units in the country where more than 80,000 children receive education (Kumar, 2008). Asian Paints set up of the "Shree Gattu Vidyalaya", a school catering to 25,000 children from class I to X, has helped rural children gain access to formal schooling. Similarly, Satyam Computers has developed 170 modern schools under 40,000 rural children. The schools into 'Smiles Project' supported by Coca Cola India Inc. has been launched and completed in 20 schools impacting the lives of around 10,000 children.

Environment: For sustainable management and development of natural resources, many companies have been working for tree plantation, watershed management, waste management, wind farm etc. For example, SAIL has planted 13.5 million trees in and around SAIL plants/mines so far.

Watershed development programme of Ambuja Cement Ltd. covered 9,000 hac. in the last four years. Sustainable water management remains the top priority of Coca Cola India Inc. So far, the company's water initiatives have improved the lives of more than 1,40,000 people and spread awareness about the crucial importance of water conservation among millions of people.

Infrastructure: Out of 14 companies surveyed only six companies are providing different infrastructural facilities like construction or development of roads, electricity, water facility, sanitation, school, health centre, community centre, etc. The "Apna Gaon Apna Kam" project of the Lupin Human Welfare and Research Foundation cover 38,000 villages in Rajasthan, and almost all villages are buildings of school, drinking water, pools, roads, community centres and electricity. The cell is involved in the construction and repair of 33 km cooked road every year, thus, around 2 lakh people, across the 435 villages, have access to the modern infrastructure facilities every year. In Andhra Pradesh, in collaboration with the Hyderabad Urban Development Agency, Local Village Community and NGOs, Coca-Cola India has helped 16,000 villagers of Sarwar Nair, in the present "check dam" water-catching areas has been restored and expenditure made by such companies on CSR is given in the Table below:

Table 1: CSR Expenditure during FY 2015-16 and 2016-17

S. No.	Company Type	Financial Year 2015-16		Financial Year 2016-17	
		No. of Companies	CSR expenditure (in Rs. Crore)	No. of Companies	CSR expenditure (in Rs. Crore)
1	PSUs	265	638.35	81	211.12
	(i) PSUs With no CSR expenditure	121	-	15	-
	(ii) PSUs With CSR amount spent is less than prescribed	144	638.35	66	211.12
2	Private Sector Companies	15,222	3,198.82	3,983	1,402.68
	(iii) Private Sector Companies With no CSR expenditure	9,098	-	331	
	(iv) Private Sector Companies With CSR amount spent is less than prescribed	6,124	3,198.82	3,652	1,402.68
	Total	15,487	3,837.17	4,064	1,613.80

Source: MCA21 registry for the years 2015-16 and 2016-17

Strategy to Ensure More Effective Corporate Participation in CSR

According to Herrmann (2010), an effective CSR government needs to focus on four important issues: quality setting; monitoring standards and exposure to supervisors; constituting binding legal obligations; and bound Enforcement of rules. However, in the ever growing appetite for maximum comfortable lifestyle, it is becoming a daunting task to follow the concept of effective CSR performance. The market-based economy believes in a product's quality and value to attract the maximum number of corporate operating users. In developing and developing countries, national governments are in great pressure from corporate companies, to reduce the restrictions on their economic acquisition. Actually, powerful global businesses are largely influenced by government policy making. The West's anger of the current debate about the issue of climate change between the developing and developing countries and the legally-bound greenhouse gas deal shows that CSR's absence and business ethics are a major issue for the global corporation. Therefore, the CSR is very unlikely to bring the desired results for strict enforcement of laws and legislation. Corporate and business segments need to be serious to promote sustainable development and sympathy culture for the nature and ecological weaknesses. Theoretical equipment is a positive and creative strategy that can result in achieving the maximum human development of the most satisfactory corporate development and economic growth. NGO, civil society and media have to play an important role in this regard. Gandhian ethical model can work as a cure to improve conflict between economic development, environmental security and social welfare. It is worth mentioning that Mahatma Gandhi said in Harijan in 1942, "the rich must think well what his duty is today... but think that your wealth is not yours. Belongs to you, what you need for your legitimate needs, and rest for society." Actually, society is fully compatible and unanimous. Corporate people need a peaceful and active environment to sell raw material and purchase equipment that is available only in one community. The recent surveys also showed that consumers preferred to buy products that are more sensitive to the CSR. Therefore, this is the best way of corporate interest to improve personal interest with big interest for the well-being of corporate well-being.

Conclusion & Recommendations

Emerging economies like India face the dual challenge of economic growth and sustainable development (SD) even as it vies for "leadership role in clarifying the concept of sustainable development." CSR activities include projects in education, health and infrastructure which are closely linked to sustainable community development. CSR is increasingly seen by the Indian government as a means to finance and achieve SD. Engagement mechanisms among government, public sector and communities have to be identified and strengthened within and across public sector, investments in people and processes to manage the CSR activity can improve their effectiveness and impact. In front of people, training and capacity for CSR projects handling managers must be built. Top management of PSUs will be helped by training on the inter-linkage among environmental policies, CSR and sustainability. Lastly, the large amount of data generated by thousands of CSR projects across geographies and sectors should be managed professionally to improve their impact over time. Stakeholders need to use the database for evidence based policy making. In these dimensions, beginners can help in establishing proof of credibility and contributing mechanisms and intra and additional equipment in India so that CSR can be more robust and useful in achieving sustainable development with one of the biggest economies in the world.

From the above discussion it is cleared that the CSR is a very noble concept to ensure the sustainability of development. It is also cleared that it largely impacts the poor section of society without hampering the ecosystem. Most of the companies are doing well work for the betterment of education, healthcare facilities, and livelihood and to improve the environmental condition which is required for the sustainable development of the county. It may be more effective for the sustainable economic, social and environmental development if the following suggestions are applied:

- The extent of liability of the Board should be clearly drawn.
- To provide incentive to CSR it will be better to link it with tax relief scheme.
- For the environmental stability and pollution control, plantation should be mandatory for every enterprise. It will be better to improve solar and wind energy production system for sustainable development.
- Penalty for non-compliance with the CSR provision should be explained and fixed against responsible person.
- Crop rotation and water fixtures are also critical for the sustainable development.
- The powers, duties and responsibilities of the CSR committee should be well defined.
- To ensue sustainable construction of homes, offices and other structure is essential.

It is hoped that in the present situation, accountable CSR practices, under provisions of new Companies Act, 2013, must be more helpful for the sustainable economic development of India.

References

- ✧ Barman, R., & Chakraborty, D. (2014). Corporate Social Responsibility in India: A Review of the Indian Companies Act, 2013 with Reference to CSR Provision, Indian Journal of Research, Volume: 3, (7)
- ✧ Corporate-Social-Responsibility-in-India, Global CSR Summit (2013), An Agenda for sustainable Inclusive Growth, July 25, 2013, PHD House, New Delhi
- ✧ India's CSR reporting survey 2017
- ✧ Michael Hopkins (2004), Corporate social responsibility: an issues paper, Working Paper No. 27, The International Labour Office, Geneva, Switzerland
- ✧ Pankaj Dodh (2013), Corporate Social Responsibility and Sustainable Development in India, Global Journal of Management and Business Studies, Volume 3, Number 6
- ✧ Prabhu Nath Singh (2015), Impact of CSR Practices on Sustainable Economic Development of India, Bihar Research Journal, Year-7, Issue-1
- ✧ Subhasis Roy (2013), Linking Public Sector Corporate Social Responsibility with Sustainable Development, Ram, Rev. Adm. Mackenzie
- ✧ The Companies Act 2013
- ✧ <http://www.mca.gov.in/mca21>.

