

STATUS OF CORPORATE SOCIAL RESPONSIBILITY BY INDIAN CORPORATE SECTOR: A CASE STUDY OF GUJARAT STATE

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ABSTRACT

This research illustrates the activities executed by corporations in Gujarat State towards corporate responsibility. This article highlighted those enterprises which invest their CSR funds in several aspects of community development, such as Healthcare, Education & Training, Rural Development, and Environmental conservation in Gujarat. Yearly data from the national CSR portal from 2014-15 to 2019-20 were collected to determine the participation of companies and overall state expenditure on CSR. Furthermore, the major focus area where businesses invest diligently has been highlighted. In India, CSR was completely voluntary before 2013; however, it has become a mandate with the amendment of the Companies Act 2013. The main concept of mandatory CSR is to promote sustainable and inclusive growth in all sectors. There is a need to study CSR in a particular region. In the present study, Gujarat State has been selected to examine the status of CSR initiatives of various organizations from a development perspective.

KEYWORDS: CSR, CSR Thrust areas, CSR Expenditure, Spread of CSR, Gujarat

INTRODUCTION

CSR is defined by the World Business Council for Sustainable Development (WBCSD) as “the dedication of enterprise to participate in sustainable growth by allowing workers, their families, and communities to collaborate for inclusive development (WBCSD, 2000).” As a result, the core concept of CSR is that corporate companies must strive toward fulfilling the demands of a broader wide variety of stakeholders (Clarkson, 1995; D, Jamali, 2006; Waddock et. al. 1997). At the outset of its inception, CSR was thought to benefit solely shareholders. Friedman (1970) stated that “the business of business is business...the social obligation of the corporation is to increase revenue.” The goal of businesses was to generate money and add value to their shareholders by enhancing their wealth. CSR was implemented in India long before it was conceptualized in Western nations. Big corporate entities were constantly donating to charitable causes in India. However, the government of India made Corporate Social Responsibility (CSR) essential in 2013 as an amendment to the Companies Act 2013, which went into effect in 2014. According to the Act, organizations having a net worth equal to or higher than 500 crores or, a turnover equal to or higher than 1000 crores, or a net profit equal to or higher than 5 crores in any fiscal year must spend 2% of their average annual profits of past three years on CSR activities as per clause VII. Companies should create a CSR policy, form a CSR committee, and include CSR activity in their annual report (Elembilassery, L. Gurunathan, 2018).

Gujarat's CSR programs have intensified rural farming, authorized women to become competent and self-sufficient, educated children, and refurbished rural infrastructure. Through their

CSR efforts, several firms are engaged in the prosperity of the state. Companies can not only encourage optimistic stakeholder inclinations and strengthened assistance, but they can also build a professional image, augment stakeholder–company conversations, and improve investors' negotiation process in the long run (Du, S., Bhattacharya, C. B., & Sen, S 2010). Companies all over the globe are implementing corporate social responsibility initiatives is designed to offer more economic, social, and environmental awareness to the public (Baxi, 2012). As a result, Sustainability reporting or disclosure has become one of the most important topics of study for managers and scholars (Deegan 2009).

METHODOLOGY

The present paper aims to highlight the status of CSR in Gujarat State. For this, secondary data was collected from various e-sources. Descriptive statistics and growth rate has been calculated to understand the status of CSR in Gujarat. This research is exploratory where researcher gets an insight into corporate social responsibility initiatives of companies in Gujarat State.

OBJECTIVES

- To understand the Status of CSR in Gujarat State.
- To study the thematic areas of CSR expenditure in Gujarat State to improve the CSR for more inclusive and sustainable development of the state.
- To comprehend the CSR spend district-wise in Gujarat.

MAJOR DEVELOPMENTAL CSR PROJECTS AND PROGRAMS IN GUJARAT STATE BY INDIAN COMPANIES

Health Initiatives by Reliance Industries Foundation- The Sir H.N. Reliance Foundation Hospital and Research Centre, provides world-class facilities to promote Health and sanitation. Drishti Reliance Foundation has worked for free corneal transplants and has given benefits to more than 140000 people. Six fully-equipped mobile medical units (MMUs) were also established to serve communities with advanced technology, including cloud-based software for saving patient information and other facilities. The foundation has reached more than 4 lakh people in Mumbai.

Promotion of Healthcare and sanitation & WOW Program (2018-19) - 4,443 individual household toilets (IHHT) are built-in 26 districts of 15 States by ITC Company in conjunction with respective state governments/district sanitation authorities to maintain a decent standard of living by preventing open defecation and reducing the prevalence of disease transmission.

Healthcare CSR Infosys project (2014-15) – This initiative promotes research activities and contributes to free dialysis among the underprivileged by contributing to the Bangalore Kidney Science Foundation. It Supports a mobile rural cancer screening clinic and provides medications for the elderly and the impoverished with severe illnesses. In this initiative, high-tech surgical equipment and ambulances were provided to hospitals.

Reliance Industries Project Education (2017-18) -The Company worked with different non-governmental organizations to promote education and livelihood training.

Harit Moksha -ONGC's created a Mokshda Green Cremation System (MGCS) which can reduce wood usage by 60%. In Vadodara, Cambay, Ahmedabad, and Delhi there have been 10 such MGCS.

ITC Rural Development Project (2018-19) - Diverse programs within this project are sustainable

agriculture, productivity enhancement, capacity building, and agro-extension/services.

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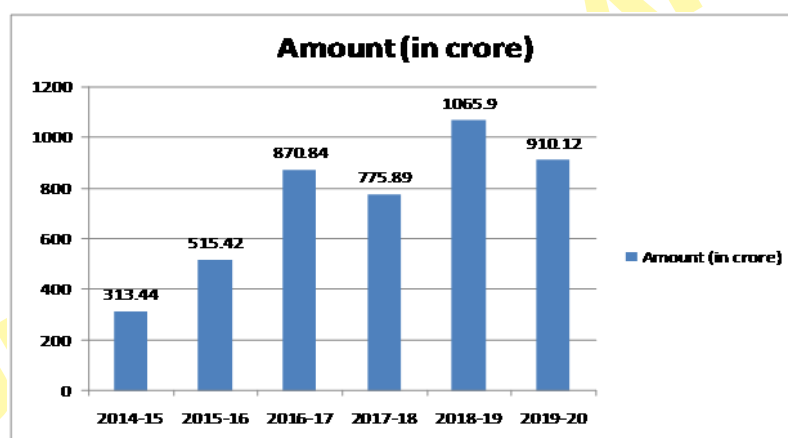
In the forthcoming section, the data related to CSR in Gujarat was collected and presented in a more meaningful manner to get a deeper insight into the status of CSR in Gujarat. The table 1 to 4 presents the snapshots of CSR in Gujarat State.

Table -1 CSR Spend in Gujarat (in Crore)

| Year | Amount (in crore) | The Growth Rate of Amount Spent on CSR in Gujarat State | No. of companies indulged in the state for CSR | No of district covered for CSR projects |
|---------|-------------------|---|--|---|
| 2014-15 | 313.44 | - | 519 | 27 |
| 2015-16 | 515.42 | 64.43% | 973 | 29 |
| 2016-17 | 870.84 | 68.95% | 1219 | 28 |
| 2017-18 | 775.89 | -10.90% | 1203 | 22 |
| 2018-19 | 1065.9 | 37.38% | 1418 | 28 |
| 2019-20 | 910.12 | -14.61% | 1488 | 33 |

(Source-Author compilation from the National CSR Portal)

Chart -1 CSR Spend in Gujarat by Indian Corporate Sectors



(Source-Author compilation from the National CSR Portal)

Table 1 and chart 1 exhibit the CSR spend in the state of Gujarat. In the year 2014-15 CSR Spend was Rs. 313.44 crores and a total of 519 companies were spending that amount in 27 districts. In the year 2015-16 CSR Spend was Rs. 515.42 crores and a total of 973 companies were contributing to the development of 29 districts. In the year 2016-17, CSR Expenditure was Rs. 870.84 crores, and a total of 1219 companies were contributed in 28 districts. In the year 2017-18 CSR Spend was Rs. 775.89 crores and a total of 1203 companies were contributed in 22 districts. In the year 2018-19 CSR Expenditure was Rs. 1065.9 crores and total of 1418 companies were contributed in 28 districts. In the year 2019-20 CSR Spend was Rs. 910.12 crores and a total of 1488 companies were contributed in 33 districts of Gujarat state.

Table 2- Year-Wise Top 3 Companies spending substantially on CSR activities in Gujarat State

| Year | S.No | Company Name | Amount (In Lakhs) |
|---------|------|---|-------------------|
| 2014-15 | 1 | Gujarat Mineral Development Corporation | 4761 |
| | 2 | Kiri Industries Limited | 3389 |
| | 3 | Torrent Pharmaceuticals Ltd. | 1497 |
| 2015-16 | 1 | Gujarat Mineral Development Corporation | 6603 |
| | 2 | Adani Ports and Special Economic Zones | 2261 |
| | 3 | Torrent Pharmaceuticals Ltd. | 1685 |
| 2016-17 | 1 | Oil India Limited | 5000 |
| | 2 | Oil and Natural Gas corporation Ltd. | 5000 |
| | 3 | Adani Ports and Special Economic Zones | 4779 |
| 2017-18 | 1 | Indian Oil corporation Limited | 7134 |
| | 2 | Cadila Healthcare limited | 2604 |
| | 3 | HDB Financial Services Limited | 2310.08 |
| 2018-19 | 1 | Maruti Suzuki Indian Ltd. | 5338 |
| | 2 | Oil and Natural Gas corporation Ltd. | 5000 |
| | 3 | Adani Ports and Special Economic Zones | 3987 |
| 2019-20 | 1 | Maruti Suzuki Indian Ltd. | 6074.9 |
| | 2 | Pidilite Industries Limited | 2630 |
| | 3 | Gujarat State Petronet Limited | 2300.44 |

(Source-Author compilation from the National CSR Portal)

Table-2 is presenting the CSR spending of the top three companies that are spending rigorously in Gujarat State. In the year 2014-15 Gujarat Mineral Development Corporation limited, Kiri Industries Limited and Torrent pharmaceuticals limited are spending respectively Rs 4761, 3389, and 1497 lakh on CSR activities. In the year 2015-16 Gujarat Mineral Development Corporation limited, Adani Ports and Special Economic Zones and Torrent pharmaceuticals limited are spending respectively Rs 6603, 2261 and 1685 lakh on CSR activities. In the year 2016-17, Oil India Limited, Oil and Natural Gas Corporation limited and Adani Ports and Special Economic Zones are spending respectively Rs 5000, 5000 and 4779 lakh on CSR activities. In the year 2017-18 Indian Oil Corporation, Cadila Healthcare limited, HDB Financial Services limited are spending respectively Rs 7134, 2604 and 2310.08 lakh on CSR activities.

In the year 2018-19 Maruti Suzuki India Limited, Oil and Natural Gas Corporation Limited, and Adani Ports and Special Economic Zones are spending respectively Rs 5338, 5000 and 3987 lakh on CSR activities. In the year 2019-20 Maruti Suzuki India Limited, Pidilite Industries Limited, and Gujarat State Petronet limited are spending respectively Rs 6074.9, 2630, and 2300.44 lakh on CSR activities. So it can be inferred that these companies are contributing towards the development of Gujarat state through their CSR initiatives.

Table 3-CSR Thematic areas in Gujarat State (year-wise)

| S.N | CSR Thematic Areas | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|-----|---|-----------|-----------|-----------|-----------|------------|-----------|
| 1 | Education, Differently Abled, Livelihood | 16,304.00 | 22,907.64 | 30,894.40 | 26,801.76 | 45,992.72 | 35,493.93 |
| 2 | Encouraging Sports | 20 | 269.5 | 447.25 | 241.12 | 259.49 | 186.27 |
| 3 | Environment, Animal Welfare, Conservation Of Resources | 1,127.00 | 1,990.61 | 2,223.99 | 4,417.93 | 5,872.34 | 5,753.17 |
| 4 | Gender Equality , Women Empowerment , Old Age Homes , Reducing Inequalities | 494 | 1,504.91 | 1,385.11 | 1,240.88 | 3,169.94 | 2,386.35 |
| 5 | Health, Eradicating Hunger, Poverty And Malnutrition, Safe Drinking Water , Sanitation | 10,183.00 | 18,763.35 | 27,242.40 | 30,784.24 | 31,001.30 | 36,295.04 |
| 6 | Heritage Art And Culture | 446 | 2,176.50 | 15,433.11 | 8,330.82 | 2,205.09 | 698.21 |
| 7 | Other Sectors (Technology Incubator And Benefits To Armed Forces And Admin Overheads) | 8 | 308 | 321 | 33.61 | 244.86 | 445.08 |
| 8 | Prime Minister's National Relief Fund | 0 | 52 | 152 | 929.56 | 68.79 | 278.32 |
| 9 | Rural Development | 2,375.00 | 4,753.23 | 7,740.43 | 4,247.46 | 17,050.68 | 8,570.89 |
| 10 | Slum Area Development | 128 | 295 | 719.21 | 18.88 | 47.85 | 49.48 |
| 11 | Swachh Bharat Kosh | 0 | 135 | 68.94 | 19.3 | 73.71 | 166.03 |
| 12 | Any Other Fund | 4 | 162 | 380 | 524.36 | 603.1 | 689.9 |
| 13 | NEC/ Not Mentioned | 256 | 1,825.00 | 76.51 | 0 | 0.5 | 0 |
| | Grand Total (INR Lakh) | 31,345.00 | 55142.74 | 87,084.36 | 77,589.92 | 106,590.37 | 91,012.68 |

(Source-Author compilation from the National CSR Portal)

Table-3 is depicting the detailed segregation of CSR spends in various thematic areas and a comparison of the data on year on year basis has been made. From the table no-3, it is evident that out of total CSR spend maximum amount spent on Education, livelihood enhancement, special education, and for the education and skill development of differently-abled persons and next emphasis was given to Health, sanitation, safe drinking water, poverty and malnutrition, and eradicating hunger and after that next prominent area was Rural development and then after the area which needs proper mention was Environment, conservation of Natural resources and animal welfare. This shows that maximum CSR expenditure was made in the above four areas and in the rest of the areas CSR expenditure was nominal.

Table 4 – Top 6 Districts of Gujarat based on CSR expenditure Year-wise (In Lakhs)

| S. No | District | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | Total CSR | Average |
|-------|-------------|---------|----------|----------|---------|---------|----------|-----------|---------|
| 1 | Ahmedabad | 8840 | 12689.67 | 11117.73 | 7108.84 | 4843.69 | 11406.24 | 56006.17 | 9334.36 |
| 2 | Surat | 2193 | 1508.02 | 3966.47 | 1325.04 | 2826.98 | 3842.25 | 15661.76 | 2610.29 |
| 3 | Vadodara | 919 | 2643.01 | 3085.89 | 1214.31 | 3300.39 | 4278.13 | 15440.73 | 2573.46 |
| 4 | Bharuch | 1058 | 1805 | 1824 | 338.48 | 1800.64 | 2784.59 | 9610.71 | 1601.79 |
| 5 | Gandhinagar | 163 | 407.5 | 329.76 | 262.41 | 5813.68 | 984.03 | 7960.38 | 1326.73 |
| 6 | Valsad | 477 | 807.49 | 1859.11 | 1339.54 | 804.75 | 2066.27 | 7354.16 | 1225.69 |

(Source-Author compilation from the National CSR Portal)

Table 4 above depicts the CSR spending in the top six districts of Gujarat state. Maximum CSR spend was made in Ahmedabad district almost every year and the next district that attracted the attention of corporate for their CSR projects was Surat and then after Vadodara was getting more CSR investment. The next districts were Bharuch, Gandhinagar, and Valsad. In this way, CSR in Gujarat was evaluated and analyzed.

CONCLUSION

CSR expenditure is an indispensable tool of growth and development for emerging economies such as India. Gujarat is one of the top ten states as per the CSR expenditure by the Indian corporate sector. Over 1400 companies spent 910.12 crores on CSR in Gujarat during the fiscal year 2019-20. The CSR and sustainability programs are launched annually in Gujarat. Gujarat Government also strives to ensure that the CSR projects in the state are translucent and accessible. Companies are diligently engaging in CSR, but there is still a long road ahead.

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