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RESPONSIBILITY

Ashutosh Pandey



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GOVERNMENT POLICIES SERVING AS A PLATFORM FOR CORPORATE SOCIAL RESPONSIBILITY

Ashutosh Pandey

Indian Institute of Management, Lucknow

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ABSTRACT

The aim of this paper is to explore the possibility of Government policies serving as a platform for corporate social responsibility. With the amendment in the Companies Act in 2013 it has become necessary for the companies to constitute a committee for mobilisation of funds under CSR. Since this amendment some of the government schemes of socio economic development clearly identifies CSR as an important source of resource mobilisation for the successful implementation of the scheme. As in the extant literature there is not even a single study on the possibility of Government policies serving as a platform for corporate social responsibility, this study, thus fills the gap in literature by studying the role CSR has played in some of the flagship schemes of socio-economic development by the government of India. This study is based on a web based analysis of various schemes and the digital reports published by various stakeholders. The case studies have been included which shows the current trends in the corporate government partnership under the banner of Corporate Social Responsibility (CSR). The corporate sector has also realised that the government policies could serve as platform for the CSR activities as they have reciprocated with the launch of socio economic development policies similar to that of the government. This is totally a new trend that Indian economy has shown. The government should design the policies of socio economic development keeping in mind the role that CSR could play in its successful implementation.

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INTRODUCTION

Corporate Social Responsibility (CSR) is a term that has no universally accepted definition. However the interpretation of the term has nearly been same in almost every part of the world. United Nations Industrial Development Organization (UNIDO) defines the term CSR as “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.”

From the above definition and several other interpretations of the term by European Commission, and World Bank Council

for Sustainable Development the key features that are a part of CSR are as follows:

- CSR cannot be confined only to philanthropic activities like charity and donations. It has a much broader meaning and role.
- The scope of CSR is broad that range from socio-economic upliftment to environmental protection and conservation.

REVIEW OF LITERATURE

Since independence CSR has been, more or less, a philanthropic activity in India. It has been confined only to the activities like charity, donations, feeding the poor and distributing goods to the deprived ones. However with passage of time and the advent of MNCs, and global exposure, the concept of CSR is gradually changing and India. The policy of Globalization and Liberalization brought MNCs in India and with them arrived the changes in scope of CSR in Indian companies.

Indian economy has seen a rapid economic growth in the past few decades. However the rapid economic growth has not lead to social development of the nation. India lags in nearly all the

*Corresponding author: **Ashutosh Pandey**
Indian Institute of Management, Lucknow

indicators of socio-economic development like Human Development Index, Human Poverty Index, Gender Development Index, Maternal Mortality Rate, Infant Mortality Rate, and various Environmental Indicators. The Government is trying its level best to uplift India on these socio-economic fronts by introducing various schemes of socio-economic development. CSR could play a major role in the successful implementation of these schemes.

In this context government of India has amended the Companies Act in 2013. The Companies Act 2013 states that,

1. "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
2. The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
3. The Corporate Social Responsibility Committee shall:
 - a. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
 - b. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
 - c. monitor the Corporate Social Responsibility Policy of the company from time to time.
4. The Board of every company referred to in sub-section (1) shall:
 - a. after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
 - b. ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
5. The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy: Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities: Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation.—For the purposes of this section "average net profit" shall be calculated in accordance with the provisions of section 198."

Need or Importance of The Study

Since the amendment in the Companies Act 2013, CSR has been identified as an important source of resource mobilisation for the successful implementation of the government flagship schemes. Its impact is already visible in the 100 per cent targeted achievement of the Swachh Vidyalay Initiative within the stipulated time frame. The CSR is also playing an important role in the realization of some other government schemes like Saansad Adarsh Gram Yojana (SAGY), and Swachh Bharat Abhiyan. Thus it can be said that CSR in India is now not only confined to philanthropic activities like charity and donations. Through corporate-government partnership the CSR is helping the government in the socio-economic development of the country.

Objectives

The present study revolves around the following objectives:

- To explore the role and scope of CSR in India.
- To find a relation between the Amended companies Act 2013 and the corporate-government partnership.
- To explore the possibility of the government policies serving as a platform for the corporate social responsibility (CSR).

RESEARCH METHODOLOGY

The above objectives have been studied by selecting some flagships schemes of socio-economic development of the government of India and analysing the role CSR has played in the implementation of these schemes. The study is based on the analysis of the data obtained from the websites of government of India and its ministries.

RESULTS AND DISCUSSION

The role CSR played in the success of Saansad Adarsh Gram Yojana (SAANJHI) and Swachh Bharat Abhiyan has been discussed in detail. These are the schemes of socio-economic development launched by the government of India after the Companies Act 2013.

Saansad Adarsh Gram Yojana (SAANJHI)

The Saansad Adarsh Gram Yojana (SAANJHI) aims to develop the necessary amenities that Mahatma Gandhi has discussed in his idea of village. This includes theatre, school, public hall, clean water supply, electricity, toilets, compulsory education, abolition of casteism and untouchability. The scheme is based on the vision statement of Prime Minister of India Mr. Narendra Modi "If we have to build nation then we have to start from villages". Gram Panchayat is the basic unit of development in this scheme.

Table 1 Summary of the Gram Panchayats selected under SAANJHI

Particulars	Total
Members of Lok Sabha	543
LS Members identified Gram Panchayats	499
LS Members not identified Gram Panchayats	44
Members of Rajya Sabha	247
RS Members identified Gram Panchayats	193
RS Members not identified Gram Panchayats	54

Source: Saansad Adarsh Gram Yojana Website

Under this flagship scheme the MPs are to adopt a gram panchayat in his/her constituency. The target is to develop one adarsh gram till 2016, three till 2019. Thereafter, five such adarsh grams (one per year) will be selected and developed by 2024.

Among the resources identified for the implementation for this scheme CSR funds has been exclusively mentioned in the guidelines of the SAANJHI scheme. MPs have been advised to mobilise the resources from the CSR funds. They can do so by presenting their ideas of development of gram panchayat adopted by him/her to the corporates who are ready to undertake this initiative under the CSR funds.

The important areas in which the CSR might play a major role in the successful implementation of this scheme are:

- Installation of solar powered street lights.
- Distribution of Solar Lamps.
- Construction of toilets in schools and houses.
- Installation of water pumps.
- Opening of bank branches for financial inclusion.
- Afforestation activities.
- Construction of houses for low income group people.

Case Study: Jayapur Village

Prime minister of India Mr. Narendra Modi launched the Saansad Adarsh Gram Yojana (SAANJHI) by adopting a village in Varanasi called Jayapur to develop as a model village. Since then the fate of this small village and the people residing here has totally changed. The stream of development changed its course and has inundated this small village with a population of 2,974 out of which 1,541 are males and 1,433 are females.

Table 2 Demographic Features of Jayapur Village

Particulars	Total	Male	Female
Population	2,974	1,541	1,433
Child (0-6)	385	211	174
Literacy	76.21%	89.85%	61.80%
Total Workers	1,015	746	269

Source: Population Census 2011

After the adoption of this village under SAANJHI scheme a number of developmental initiatives have been routed to this village through CSR wing of some major companies. Some key developmental initiatives undertaken in this village are: Pucca houses are being built for the poor residents of the village, toilets have been constructed, rural banking has been given a major thrust with the opening of two bank branches in the village, solar powered lanterns have been distributed to the villagers, solar powered street lights have been installed and easy loans are being processed which is a major thrust to the financial inclusion in this village. Jayapur adopted for development under Saansad Adarsh Gram Yojana (SAANJHI) has truly served as a platform for CSR. The corporates have also not shied away in performing their role in the development of this village as a model village.

Case Study: Union Adarsh Gram Yojna

Union Bank of India is one of the leading public sector banks in India. The bank has launched “Union Adarsh Gram Yojana” under its Corporate Social Responsibility (CSR) project. The bank has adopted 210 villages across the country as a part of

this project. The objective is to adopt backward and underdeveloped villages under the command area of the branches of the Union Bank of India and develop them in an integrated manner as a model village. The major initiatives under the project are:

- Adoption of a girl child and sponsoring her educational expenses up to intermediate.
- Construction of toilets for girls in Government Girl’s schools.
- Installation of fans and water coolers in schools.
- Installation of solar powered street lights.
- Development of banking habit among villagers.
- Easy disbursement of loans.

Apart from these initiatives several other initiatives of socio-economic development and financial inclusion have been launched by the bank. Union Adarsh Gram Yojana launched by the Union Bank of India clearly shows how the corporate sector could help in the successful implementation of a socio-economic development scheme of the Government. The Union Bank of India has revolutionised the concept of CSR by adopting a scheme similar to the government scheme under its CSR project.

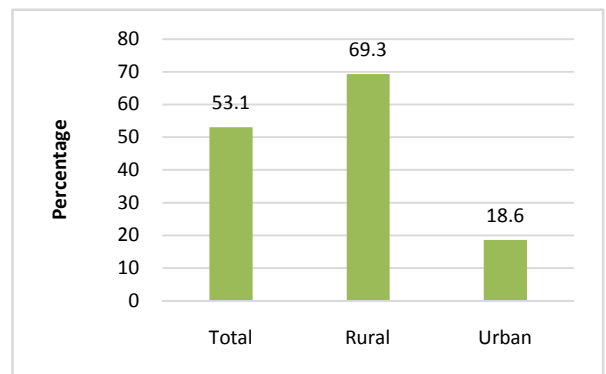
Swachh Bharat Abhiyan

Swachh Bharat Abhiyan is a flagship scheme of the government of India launched with the aim of achieving the goal of “Clean India” by October 2, 2019, the 150th birth anniversary of Mahatma Gandhi. The scheme encourages people of India to devote 100 hours every year towards the cause of cleanliness. The Swachh Bhaart Abhiyan includes the following activities of cleanliness throughout the country:

- Encouraging people participation in the proper disposal of garbage.
- Launch of awareness drive related to cleanliness.
- Completely end the open defecation both in the urban and rural areas.
- Construction of toilets with exclusive toilets for girls in all the schools.

The socio-economic development of the country requires the availability of adequate sanitation facilities both in the urban and rural areas. According to the population census 2011 report half of the population of India does not have access to toilets. The situation in rural areas is highly alarming as nearly 70 percent of the population still defecates in the open.

Fig. 1 Households having no access to toilets in India



Source: Population Census 2011

Under the Swachh Bharat Abhiyan the government launched the Swachh Vidyalaya Initiative with the aim of providing toilet facilities in all the schools. At time of launch of this scheme in August 2014 1.01 lakh Government schools did not have toilets for girls, 1.52 lakh schools did not have toilets for boys and about 1.64 lakh schools had dysfunctional toilets. Due to lack of adequate sanitation facilities in the schools the dropout rate was higher among the girls in the age group of 5-14 years. The following case study presents the success story of corporate government partnership.

Case Study: Mission Sanitation of Schools (SoS)

To strengthen the Swachh Bharat initiative the Confederation of Indian Industry (CII) has launched the mission Sanitation of Schools (SoS) to construct toilets in the schools across the country in collaboration with the companies and enterprises registered with it. Under the Swachh Vidyalaya Initiative the target of building over 4.17 lakh toilets in 2.61 lakh schools has been achieved with the support of private corporates and various government bodies.

Table 3 Toilets constructed under Swachh Vidyalaya Initiative

New Toilets		Dysfunctional Toilets		Total
Boys	Girls	Boys	Girls	
159,383	106,634	67,526	84,253	417,796

Source: MHRD

Table 4 Number of Toilets constructed under Swachh Vidyalaya Initiative by Corporates

Corporates	Toilets
CII	138
Coca Cola India Private Limited	14
FICCI	38
IFIG	150
ITC Limited	60
Infosys Foundation	252
Mahindra Group	1,171
Mercedes Benz	1
Microsoft India	22
Tata Consultancy Services	1,509
Titan Company Limited	42
Toyota Kirloskar Motor Pvt. Ltd	69
TOTAL	3466

Source: MHRD

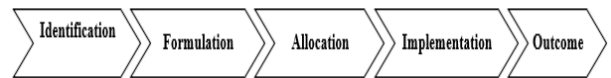
There is no doubt that CSR played a major role in the successful implementation of this initiative. As per a recent report of CII, Indian companies have built over 20,000 toilet seats (seats=unit of measurement/urinals included) in government schools with poor infrastructure. Corporates have constructed a total of 3,466 toilets in various schools of throughout the country. TCS has built toilets in over 1,000 schools and has promised to raise this figure to above 10,000 schools with an estimated cost of over Rs. 100 cr. The company has also constituted a task force that will ensure the cleanliness and maintenance of the toilets built under the initiative. Keeping these facts in mind the decision of the CII to launch SoS has certainly helped the government in making Swachh Bharat Abhiyan a success

Recommendations

India has a mixed economy where both the public sector and the private sector exist for the betterment of the citizens. The efficient implementation of the socio economic development

polices requires the Corporate Government partnership at the appropriate levels. The socio economic development policy can be divided into five stages as given in the following figure:

Fig.2. Stages of socio economic development policy formation and implementation



Identification: In the first stage a socio-economic problem is identified by conducting surveys and research. The indicators of socio economic development like human development index, poverty index, malnutrition, economic disparity, gender disparity, environmental index could play a major role in the identification of the socio economic problem with which the economy might be going through. A private firm having the expertise of conducting surveys and research could help the government in the identification of these problems. The reports published by the firm could work as a guiding factor for the government in the identification of the socio-economic problem.

Formulation: In the second stage a policy is formulated to tackle the identified socio-economic problem. The corporate sector could formulate policy similar to the socio economic development policy of the government. This would tackle the socio economic problem at a much greater pace. The above discussed CSR initiatives like Mission Sanitation of Schools (SoS) and Union Adarsh Gram Yojana are living examples of Corporate Government Partnership.

Allocation: In the third stage the appropriate resources are allocated for the successful implementation of the policy. The government could identify CSR as one of the important sources of resource mobilization. The corporate sector could reciprocate by allocating sufficient funds under the purview of CSR for the successful implementation of the scheme.

Implementation: In the fourth stage the implementation of the formulated policy takes place. The corporate government partnership could ensure the effective implementation of the socio economic development policy. It would increase the pace of implementation of the policy and targeted achievement of the policy could be realised.

Outcome: In the fifth stage the outcome analysis of the policy is conducted to determine the level up to which the policy is effective. Again the corporate firms involved in conducting surveys and data analysis could play a major role in the analysis of the electiveness of a socio economic development policy.

CONCLUSION

Since Independence the government of India has introduced a number of policies of socio-economic development. However the outcome of the policies have not been as satisfactory as it was believed. One of the key reasons behind inefficient outcome of the socio-economic developmental policies has been the failure to implement it at the grass root levels. Earlier the implementation of socio-economic development policies

was the responsibility of government only. Now the government has realised how corporate sector could play a major role in the successful implementation of these policies. This has led to the amendment in the Companies Act 2013 which has necessitated the constitution of CSR committee for the mobilisation of funds under CSR. The corporate sector has also realised that the government policies could serve as platform for the CSR activities as they have reciprocated with the launch of socio economic development polices similar to that of the government. The future policies of socio economic development should be launched keeping the role that CSR could play in its successful implementation.

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