

# Corporate Social Responsibility - An Enabler to Inclusive Growth

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**Abstract:** India is a country with great social diversities. It has been stated as well as accepted by several national leaders that comprehensive monetary advancement remains a national objective. Various government programs have been started that soak up the soul of comprehensiveness. What is intriguing, be that as it may, is to see the corporate social obligation deliberate rules regarding the service of corporate undertakings. To cite Salman Khurshid, the clergyman of state for corporate issues in 2009 "... the corporate part is likewise remaining amidst a maintainability emergency that represents a danger to the specific presence of business. What we have before us is where one way drives us to comprehensive development and the other may prompt an unsustainable future. ... the business division likewise needs to assume the liability of displaying socially capable business houses that guarantee the appropriation of riches and prosperity of the networks in which the business works." There is definitely a case to be made about the relationship or the causal effect of CSR on inclusive growth. India would do well to harness this resource of CSR to aid the progress of the country and its citizens. This article is an effort towards establishing a relationship between CSR and inclusive growth in India, including suggestions on optimal utilisation of CSR for this purpose.

**Keywords:** Corporate social responsibility, CSR trend, Inclusive growth.

## I. INCLUSIVE GROWTH

We pay plenty of time debating the problem of financial gain difference, whether or not measured by the Gini constant or the other data point. The champagne glass result is extremely outstanding in our society. Many of us read 'inequality' and 'exclusiveness' as being the identical issue. It is argued that not solely are they not identical, but, in fact, basic cognitive process that they're might mislead us into prescribing a wholly wrong set of interventions to handle the matter. Before we have a tendency to decide whether or not our growth is inclusive or

not, we should first perceive what inclusiveness means.

The definition of inclusiveness involves four attributes:

- (a) Opportunity: is the economy generating additional and varied ways in which for folks to earn a living and increase their incomes over time?
- (b) Capability: is the economy providing the means that for folks to form or enhance their capabilities so as to take advantage of offered opportunities?
- (c) Access: is the economy providing the means to bring opportunities and capabilities together?
- (d) Security: is the economy providing the means for folks to shield themselves against a short lived or permanent loss of sustenance?

The objectives of associate inclusive growth agenda is to scale back financial condition, improve quality of life, and guarantee to the extent potential, that each one segments of society is part of the economic process of the country. Variety of macro and small level interventions have shown to be contributively promoting inclusive growth. At the macro level, recommendations like commercial enterprise discipline, trade restrictions alleviation, openness to Foreign Direct Investment, privatization, tax reforms, labour market flexibility, providing social safety nets, reorientation of public expenditure, and legal and political reforms are helpful in guiding policy discussions for promoting speedy and inclusive growth in developing countries. At the small level, reducing financial gain and non-income connected difference, enhanced public infrastructure, healthcare, education, access to markets, responsible women's empowerment organisations, role compete by civil society organizations, and sensible governance will facilitate accelerated financial condition improvement. Associate Asian country [Bharat| Asian country| Asian nation} with a property ninth or higher rate are potential as long as urban and rural India integrate in economic opportunities and quality of life. This suggests that the key levers to achieving inclusive growth are increasing the provision, accessibility, quality, and affordability of varied product and services to all segments of population have equitable social and economic opportunities. To realize

this, the govt and also the non-public sector has to work collectively, whereas enduring by the elemental principles of a democratic society.

Among this context, the responsibility of the govt is to form a favourable and stable economic setting that fosters non- public sector participation while not resulting in market distortions like monopolies or windfall profits to some chosen corporations. To form such associate setting, the govt must produce and implement laws that are equitable, facilitate the procurement / utilisation of natural and/or scarce resources, and supply economic incentives that encourage the non-public sector to push inclusive growth by serving unserved or underserved market segments. In addition, in sectors of national importance (such as defence) or those who promote welfare (such as social protection and pro-poor employment), the govt will supplement non-public sector participation through effectively managed public sector undertakings or welfare schemes.

To attain the objective of inclusive growth, as envisaged by the Honourable Prime Minister of India, the government has taken several steps such as:

- (a) Make in India.
- (b) Skill India.
- (c) Smart Cities Project.
- (d) Mahatma Gandhi National Rural Employment Guarantee Scheme.
- (e) National Rural Livelihood Mission.
- (f) Rajiv and Indira Awas Yojna.
- (g) Sarva Shiksha Abhiyan.
- (h) Integrated Child Development Services.
- (i) National drinking water mission.
- (j) Swatch Bharat Mission.
- (k) Financial Inclusion.
  - Social sector schemes ie Atal Pension Yojna, Pradhan Mantri Suraksha Bima Yojna, and Pradhan Mantri Jeevan Jyoti Bima Yojna.
  - Micro unit development refinance agency.
  - Jan Dhan Yojna.
  - Bhartiya Mahila bank.

The Economic Survey 2017-18 has also identified certain areas for special attention as follows:

- (a) Employment
- (b) Education
- (c) Agriculture
- (d) Above all- India must continue improving the climate for rapid economic growth on the strength of the two truly sustainable engines- private investments and exports.

Several provisions have been made in the Budget 2018 towards attaining the goal of inclusive growth-

- (a) Agriculture-
  - MSP fixed at 1.5 times the production cost of all unannounced crops.
  - Creation of FPOs and VPOs as cluster for better logistics.
- (b) In rural sector-
  - Create employment of 321 crore person days.
  - 3.17 lakh kms of rural roads.
  - 51 lakh new houses.
  - 1.88 crore toilets.
  - 1.75 crore new household electric connections.
- (c) Health cover to over 10 crore poor households.
- (d) Credit access to marginal sections through mudra yojna.

The welfare schemes by Govt will remain important in the domain of inclusive growth. However, these have a gestation period as well as pilferage of benefits to those who may not be as deserving. At the same time, the booming private sector of the country needs to ensure economic growth of the people from the lowest income strata in order to improve manufacturing skills in them as well as creating markets in the future. CSR in a broader form can be the panacea.

The past ten years have seen the development of a dynamic private sector, which has grown in strength and is well positioned to undertake large investments needed to propel the economy to a faster growth path. The participation by private players will make the process of inclusive growth faster and more effective. Further to the participation by private players, CSR by these same players can be considered as a major factor as substantial amount of funds are allocated by companies towards CSR. *Unfortunately, the CSR, as understood in common parlance amounts to charity and not growth.* The same CSR can be made to assist the companies in generating more profits along with ensuring all round development of society at large.

## II. CSR TRENDS IN INDIA

In creating nations like India, CSR activities square measure a ton of indistinct, as a few firms accept jobs and obligations that square measure usually taken care of by the overall population area. At the indistinguishable time, the vast majority of those projects square measure pointed toward network advancement as against ability change. When businesses established new delivering plants in an exceedingly topographical region, they definitely furthermore bring monetary process likewise as infrastructural improvement i.e. Visa Steel in Orissa assembles streets for the networks around its steel factories; Hindalco and NALCO all have wellbeing facility activities for the employees including rustic towns; and indeed, there's Tata Steel, that by and large embraces towns and assumes control most civil capacities (Jamshedpur being a valid example). It's an odd deficiency that CSR fills in India that straddles the overall

population and individual segments as firms to add to the network's development and fill in holes wherever the overall population division falls flat.

Shockingly, these CSR activities together with various network programs square measure disconnected business of those ventures. Each organization supports a women aptitudes improvement program, a social upliftment and move occasion, an essential wellbeing facility, and so on. A similar closeness of those projects appears to me to be an indication of the deficiency of consolidation of CSR as a center undertaking, while in a roundabout way, they are adding to the proceedings with improved accomplishments of the company. Keith Davis, who raised two fascinating questions in the Sixties, set the phase for this discussion: "What will the average owe society?" (Davis, 1967) and "Would business be able to bear to disregard its social duties?". He provokes that social obligation alludes to "representatives' determinations and moves made for

reasons at least part on the far side of the company's immediate monetary or specialized intrigue" (Davis, 1960). I was at the Confederation of Indian Industries' CSR gathering where all throughout, each modern specialist offered the exact same arrangement of CSR activities. Of the 10 specialists, there was just one delegate from POSCO Steel who explained why CSR activities square measure urgent to the profitable picking up the endorsement of the neighborhood individuals for unpracticed field ventures. As I would see it, all CSR agents should have incontestable why and the manner in which their drives were contributory on to the organization's main concern. Something else, CSR activities end up as partner degree unsustainable periphery branch of an association, subject to the likes of the spending specialist.

I have taken the information of a few organizations with respect to how they have spent on CSR, and does it affect comprehensive development as follows:

TABLE I

| Name                                                 | Expenditure on CSR in crores<br>(Actual/Planned) |               |                | CSR Activities                                                                                                       | Sector              | Impact on Inclusive Growth |
|------------------------------------------------------|--------------------------------------------------|---------------|----------------|----------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------|
|                                                      | 2014-15                                          | 2015-16       | 2016-17        |                                                                                                                      |                     |                            |
| Microsoft Corporation India Pvt. Ltd.                | 3.16<br>/2.79                                    | 3.45<br>/3.19 | 5.55<br>/5.14  | Skilling & Emp- coding skills, Disaster relief, Education<br>Youth Spark Pgme<br>Skilling of youth with disabilities | IT software         | Indirect                   |
| Claris Life -Sciences Ltd                            | 0.62<br>/1.93                                    | 3.05<br>/1.98 | 1.28<br>/1.28  | Water mgt, Rural sports, Education and livelihood enhancement<br>Promoting healthcare                                | Pharmaceuticals     | Direct                     |
| Mitsubishi Electric Automotive India Private Limited |                                                  | 2.01<br>/2.01 | 2.25<br>/2.25  | Swach Bharat, Installation of solar panels, Promoting Edn                                                            | Automobile          | Indirect                   |
| Honeywell International (India) Private Limited      |                                                  | 2.16<br>/2.21 | 2.29<br>/2.29  | Safe water network initiative, Safe schools, science experience, promoting education                                 | IT software         | Direct                     |
| Goldman Sachs India Capital Market Pvt. Ltd.         |                                                  |               | 1.43<br>/1.43  | Promoting gender equality, vocational training                                                                       | Finance             | Indirect                   |
| Exxon mobil Company India Private Limited            | 1.57<br>/1.59                                    | 1.58<br>/1.58 | 1.59<br>/1.54  | Promoting Education, Relief fund, Community development                                                              | Oil drilling allied | Indirect                   |
| Computer Age Management Services Private Limited     |                                                  | 1.92<br>/1.90 | 2.15<br>/2.13  | Promoting education, preventive healthcare, Poverty elevation                                                        | Finances            | Indirect                   |
| J.K. Tyre Industries Ltd.                            | 2.07<br>/1.85                                    | 4.76<br>/4.72 | 4.14<br>/7.87  | Promoting sports, health- care, site clinics                                                                         | Tyres               | Indirect                   |
| Bharti Airtel Ltd.                                   | 41.1<br>/140                                     | 42.16<br>/189 | 5.58<br>/207.9 | Satya Bharti school pgme, satya bharti swachta abhiyan, Anubandh- maint of old age home                              | Telecomm            | Direct                     |

| Name                                        | Expenditure on CSR in crores<br>(Actual/Planned) |                 |                 | CSR Activities                                                                                                                                                                                    | Sector                  | Impact on Inclusive Growth |
|---------------------------------------------|--------------------------------------------------|-----------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------|
|                                             | 2014-15                                          | 2015-16         | 2016-17         |                                                                                                                                                                                                   |                         |                            |
| Vedanta Limited                             | 25.5<br>/0                                       | 17.54<br>/0     | 484.8<br>/0     | Mid-day meal, education of girl child- proj ilam muttuka, infrastructure for rural development, environment conservation, health care                                                             | Mining mineral products | Direct                     |
| Hindustan Petro- leum Corp. Ltd.            | 34.07<br>/34.03                                  | 71.76<br>/53.92 | 108.11<br>/82.9 | Adapt- children with special needs, akshay patra- mid day meal, Nanhi Kali- girl child, Dil w/o Bill- heart care for needy, Swavalamban- self-reliance by skill development Community development | Petrochemicals          | Direct                     |
| Aditya Birla Nuvo Ltd.                      | 9.61<br>/9.41                                    | 7.01<br>/7.4    |                 | Promotion of education healthcare, sports, Women empowerment, Disaster relief                                                                                                                     | Diversified             | Indirect                   |
| Mahindra & Mahindra Financial Services Ltd. | 24.88<br>/24.86                                  | 29.05<br>/29.03 | 30.47<br>/30.43 | Clean India, girl child care, Women development foundation, tree plantation                                                                                                                       | Finance                 | Indirect                   |

As can be seen from the table, certain aspects are become quite clear:

- Most of the companies are going for similar CSR initiatives i.e. education, food to needy, child care, providing health facilities and so on. These activities do have an impact on inclusive growth, but in an indirect manner.
- There are some visionaries who have ventured into uncharted territories i.e. non-conventional energy, safe drinking water, taking care of old persons and special children, community development and caring for girl child. These have a direct impact on the society as all these sectors are not developed and need lot of funds and attention. Emphasis on these can affect inclusive growth in a big way.
- There are some companies who are spending much more than planned on CSR, whereas unfortunately, some companies are not spending even as much as they had planned. This needs to be monitored and corrected by a system of incentives and disincentives.

Most importantly regardless of whether it's alluded to as organization social obligation or comprehensive business, every single social activity worked by an individual enterprise should have an influence that is estimated and appeared to add profoundly to business. At exactly that point, can CSR quit being viewed as a sort of organization humanitarian blessing and be viewed as an important a piece of working together.

The implementation challenges in the path to inclusive growth are many such as:

- Shortage of funds.
- Identification of deserving candidates for assistance.
- Self sustaining system.
- Consider CSR not charity but empowerment.
- Lack of financial literacy.
- Under penetration of banks in rural sector.

A large number of these impediments, especially first four can be taken care of by utilizing CSR funds correctly and optimally. Rest are more in the domain of governmental interventions, and fortunately the successive governments have been alive to the issues.

*Some steps can be initiated to monitor the utilization of CSR expenditure as follows:*

- Some empirical means to decide where we stand on Health and Hygiene.
- A Govt agency to monitor the CSR and ensure it is used for focused inclusive growth.
- Control Group Vs Treatment Group- Area of Interest Vs Area of Influence- CSR has to be controlled and policies should be percolated to the workers on ground. At the same time, area of influence will always remain a subset of area of interest and the effort should be to make the two coincide.
- Put some measures whereby it can be identified as to where the CSR has directly affected inclusive growth which could not have been done otherwise- interact with companies.

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