

Corporate Social Responsibility - A Way to Achieve Inclusive Growth in India Post Covid-19

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Abstract

In today's business environment, Corporate Social Responsibility has reflected in the creation of a new attitude towards entrepreneurship. Corporations can no longer act as only economic entities operating merely for maximizing profit. For businesses, the need of the hour is to face global challenges by incorporating economic, social and environmental consciousness in management strategies. Corporate Social Responsibility is now dynamically embedded in each and every corporation's agenda. Corporate social responsibility may be defined as when a company shows socially accountable attitude towards its stakeholders; which includes its employees, customers, shareholders, government and the society in which it operates. No doubt, our country will face many developmental issues during and post this pandemic period, but we can address them to some extent by implementing CSR initiatives collectively through public-private partnerships. The present paper call attention towards the significance of CSR in our country, India and to find out how we can channelize CSR funds in different development sectors to achieve inclusive growth post Covid-19.

Keywords: Corporate Social Responsibility, legislative Scenario, Development Sectors, Inclusive growth post Covid-19

1. Introduction

In today's business environment, Corporate Social Responsibility has reflected in the creation of a new attitude towards entrepreneurship. Corporations can no longer act as only economic entities operating merely for maximizing profit. Corporate social responsibility may be defined as when a company shows socially accountable attitude towards its stakeholders; which includes its employees, customers, shareholders, government and the society in which it operates. According to International Standards Organization (ISO) Corporate Social Responsibility is "The way a corporation achieves a balance among its economic, social and environmental responsibilities in its operations so as to address shareholder and other stakeholder expectations." Inclusive growth can be defined as economic growth which creates equal opportunities and benefits for each and every section of the society. In our country, now it is compulsory by law for specified corporations to demonstrate its social responsibility. For businesses, the need of the hour is to face global challenges by incorporating social and environmental consciousness in management strategies. Corporate social responsibility is now dynamically embedded in each and every corporation's agenda. The main idea is that not only the companies should grow but with the growth of the companies there should be overall growth of the society and the whole nation.

2. Purpose of the Paper

The main purpose of the paper is to provide a base to focus on the major development sectors in which CSR funds should be channelized to achieve inclusive growth in India post Covid-19. The paper also discusses the

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legislative scenario of CSR in India. An effort has been made to analyze the trend of CSR contributions to different development sectors in India.

3. Research Methodology

The paper is mainly based upon secondary data and information. It is based on the available literature and research material i.e. Journals, magazines, websites and other published source.

Legislative Scenario of CSR in India

In India, CSR voluntary guidelines 2009 were issued by Ministry of Corporate Affairs. Further, these Voluntary Guidelines on Corporate Social Responsibility 2009 were clarified as National Voluntary guidelines on Social, Environmental and Economic Responsibilities of Business, 2011. Later on, under section 135 of the Companies Act 2013 these NVGs interpreted into a mandatory provision of corporate social responsibility. According to this section, every company which have net worth of Rs. 500 Cr. or more, or turnover of Rs. 1000 Cr. or more, or net profit of Rs. 5 Cr. or more during any financial year, must create a CSR Committee and board of this committee will make sure that to execute its corporate social responsibility, at least 2 percent of the average net profit will be spent by the company in every financial year. The Act further provides that if such amount is not spent by the company, the board have to state the reason under section 134. For this purpose, the average net profit will include the profits which have made by the company during the three immediately previous financial years.

(Source: Ministry of Corporate Affairs, GoI, from <https://www.mca.gov.in/SearchableActs/Section135.htm>)

Inclusive Growth and Corporate Social Responsibility

The National Voluntary Guidelines (NVGs) includes nine principles for businesses to demonstrate their responsible behavior. “Inclusive Growth and Equitable Development” which is principle (viii) among all these principles, motivate business activities towards the growth of community and nation as the prime concern through their CSR strategies. According to Organization for Economic Co-operation and Development (OECD), “Inclusive growth is economic growth that is distributed fairly across society and creates opportunities for all”. Schedule VII provides details about the sectors which are eligible to undertake CSR initiatives by the companies. This includes eradication of poverty and hunger, education, health, environment, employment generation, enhancing vocational skills. So, schedule VII includes all the economic, social and environmental concerns which should be blended by businesses in their CSR activities and all these economic, social and environmental concerns are also necessary to achieve inclusive growth in India. Thus Corporate Social Responsibility can be a dynamic part of the process to attain inclusive growth in India.

Development Sectors and CSR Contributions in India

Inclusiveness in growth is a multi-dimensional concept. Inclusive growth which is an essential part of development of any country should result in encouraging entrepreneurship, employment generation, reduction in poverty, reduction in regional disparities, adequate health care facilities, access to education, knowledge and skill development. Companies in India are taking CSR initiatives in sectors like poverty, eradicating hunger, education, environmental sustainability, conservation of national resources, healthcare, gender equality, rural development, technology incubators, socio-economic inequalities, vocational skills and women empowerment. Reliance Industries Limited, Tata Consultancy Services Limited, Infosys Limited, ITC Limited, Oil and Natural Gas Corporation Limited are the top companies taking CSR initiatives through major spending in India.

Almost all the sectors of economy have been badly affected because of Corona virus Pandemic; GDP has been contracted; many people have lost their jobs. This crisis had an effect on CSR sector too; majority of funds are redirect to short-term Covid-19 related activities. But a few firms are also contributing to the fields like livelihood and food supply chains which will have a long lasting impact on society.

Table 1: CSR Amount Spent in Different Development Sector

Development Sector	CSR Amount FY 2014-15 (INR Crore)	CSR Amount FY 2015-16 (INR Crore)	CSR Amount FY 2016-17 (INR Crore)	CSR Amount FY 2017-18 (INR Crore)	CSR Amount FY 2018-19 (INR Crore)	CSR Amount FY 2019-20 (INR Crore)
Education	2589.42	4057.45	4504.87	4734.56	5719.78	2626.69
Health Care	1847.74	2569.43	2491.10	2210.77	3217.10	1048.74
Poverty,	274.70	1252.08	606.55	654.80	1090.39	412.50

Eradicating Hunger, Malnutrition						
Rural Development Projects	1059.35	1376.16	1554.78	1479.80	2308.86	971.48
Social-Economic disparity	39.04	77.97	148.01	137.50	164.27	74.43
Technology Incubators	4.74	26.34	23.09	15.62	30.51	6.10
Vocational Skills	277.07	344.40	373.46	391.76	759.09	397.89
Environmental Sustainability	773.99	796.69	1076.46	1083.05	1292.63	504.71

(Source: National CSR Data Portal, Ministry of Corporate Affairs, Government of India from https://www.csr.gov.in/static_report.php)

The above table depicts the major development sectors where firms are contributing their funds from the last few years. The data have been taken from National CSR Data Portal, Ministry of Corporate Affairs. The table shows that education sector has been presented with the highest CSR contribution among all the sector and funds is increasing with the passage of time but rate of increase in funds is not stable. Healthcare and Rural development sector are also preferred by the companies for undertaking CSR initiatives. But in comparison of these sectors, Poverty, eradicating hunger, socio-economic inequalities, technology incubators and vocational skills are least preferred sectors.

Inclusive growth through CSR post Covid-19

The parameters of inclusive growth are inter-related. To reduce poverty and hunger, the people should empower with education and knowledge. No doubt, education sector is the most preferred sector for CSR funds contribution but still much more needed to be done. The requirement of advanced healthcare sector has been emphasized by the crisis of Covid-19 Pandemic all over the world. This short-lived crisis calls attention to the dire need for sustainable investment in healthcare sector. Corporate sector should invest more CSR funds to create more medical infrastructure and access to medical facilities to successfully face the challenges created by this crisis. CSR funds should also be focused in the sector of technology incubators and vocational skills. Application of technology and more innovation in this field can encourage growth and development process. Vocational Skills development is essential to make the masses productive and employable and to provide them sustainable livelihood. CSR initiatives should be undertaken in skill development sector. It will generate bifold benefits for the public as well as for private sector units; as they will get trained and skilled manpower as per their demand and also will get opportunities to demonstrate their socially accountable behavior.

3. Conclusion

As, India has been made mandatory by law for specified companies to demonstrate its social responsibility, now it is a clear fact that Corporate Social Responsibility can play an indispensable role in achieving inclusive growth. Business houses are becoming more conscious in displaying their responsible behavior towards the society and nation. To achieve inclusive growth through CSR, there is a strong need to formulate more effective strategies. . No doubt, our country will face many developmental issues during and post this pandemic period, but we can address them to some extent by implementing CSR initiatives and channelizing CSR funds collectively through public-private partnership in different development sectors according to their importance and requirement in the process of growth and development in India. It will help in creating opportunities and benefits for each and every section in the society and CSR can be best administer to achieve inclusive growth post Covid-19.

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