

# SOCIAL DEVELOPMENT AND CSR IN INDIA: A CASE STUDY

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## **ABSTRACT**

This article critically evaluates the positive role that the Corporate Social Responsibility of Indian Central Public Sector Enterprises (CPSEs) particularly Oil and Gas Maharatna companies, play in contributing to the development goals of the Country such as education, poverty alleviation and health care improvements.

Despite many recent conceptual study and claims that CSR may not contribute to reduce human misery in view of conceptual and ideological frame work, north-south structural difference, centrality of stake holder, business case and absence of empirical evidences, this study suggests that various recent mitigating initiatives and structural framework through policies, guidelines, legislation creating a conducive ecosystem for Government, Corporates and Civil society towards collaboration and partnership, made positive impact on continuing commitment of Conscious corporates and enlightened Business leaders in the area of development in India.

The premises that Business is not interested in development as it misaligns with its corporate goals of maximizing economic prosperity and interest of primary stake holders may well be flawed in case of Central Public Sector Enterprise in India. A cursory review of CSR activities of Maharatna Public Sector Enterprise shows alignment of economic and social goals and contribution over decades. Governance issues in south continues to be a major challenge however the largest democracy has navigated the risk and opportunity in furthering reforms, governance for about last three decades. Being fastest growing large economy the north south conceptual and structural gap seems to have reduced. Adopting an Indian definition of the ubiquitous term CSR may be in a truncated meaning and bringing in empirical measurable framework and identifying developmental activities have dispelled the conceptual conflicts paving way for development. The pitfalls of Business case over Social Case though may continue to influence the business leaders to the critic's view that economization and humanization are mutually exclusive and that Business itself may be responsible for present abject social and environmental condition. Current Indian scenario appears conducive for CSR to contribute to development as long as it does not challenge the needs, survival and very existence of the business.

## **Practical Implications**

The Voluntary Guideline on CSR by Ministry of Corporate Affairs in 2009, 2011, Guidelines on CSR & Sustainable Development by Department of Public Enterprise, Ministry of Heavy Engineering and Public Enterprise 2010, 2013, 2014, Companies Act 2013 with mandatory CSR provision seem to have propulsive effect to the continuing efforts of Corporates in addressing development and nation building goals of the country by creating enabling atmosphere for corporate civil societies to collaborate with state and participate in development.

**Keywords:** Corporate Social Responsibility, Government, Stakeholders, Central Public Sector Enterprise, Public Sector Oil Companies, Co Act 2013.

**Conversion:** 1 Billion =100 Crore, 1 Crore=10 Million, 1 Million =10 Lakhs (1 Lakh: 100000)

## **1.0 INTRODUCTION**

The land mark commitment made by 196 state leaders in 2000 to eradicate abject and dehumanizing conditions of extreme poverty enabled many people to improve their living. MDG (Millennium Development Goal) efforts

globally in last 15 years have uplifted about 1 billion people out of poverty (MDG Report, 2015). Between 1990 and 2015, the developing countries/regions witnessed:

- Decline in poverty from 47% to 14 %
- Decline in maternal mortality from 380 to 210 per 100000 live birth
- Dip in global under-five mortality from 90 to 43 deaths per 1,000 live births
- Elimination of gender disparity in primary, secondary and tertiary education
- Increased primary enrolment to 91% (MDG Report, 2015)

India, though home for about 269 million (21.9% as on 2012) poor as per Indian poverty line, (Rangarajan, 2014) has made substantial progress in MDG parameters through various development centric initiatives by state and non-state players, such as Corporates, civil society and institutions. There has been heightened expectations on business organizations to deliver more to ameliorate human misery, since ostensibly businesses have more resources and reach.

Indian companies, particularly the Central Public Sector Enterprises (CPSEs), have been in the fore front while supplementing the state efforts in developmental activities through their Corporate Social Responsibility (CSR) activities. Government has also been proactive in facilitating Corporates to deliver in the area of CSR with focus on social development and sustainability. In this decade, Government came out with various conceptual, advisory and mandatory guidelines for better collaboration and synergy, which seem to be working towards inclusive growth and development.

## **2.0 CORPORATE SOCIAL RESPONSIBILITY**

The term CSR seem to have come under focus and spotlight in last two to three decades as businesses strive to navigate today's risk and opportunities to create greater economic, social and environmental values, while the social and environmental challenges are mounting. Though its existence and practices go back well into historic times, CSR has been active amongst social activists, academicians, business world, government, non-government, civil society, community for about last six decades. As such, at times it is considered a post-world war II development (Carroll & Shabana, 2010). However, till date there is no consensus with respect to meaning of CSR, because of its ubiquitous presence. There exists wide variety of meanings and different understanding of the term even among CSR professionals, practitioners.

CSR means something but not the same thing to everybody since it broadly encompasses business Ethics and Morality, Corporate Accountability, Corporate Citizenship, Corporate Management, Environmental Responsibility, Human Rights & Labor Rights, Responsible buying and Supply Chain Management, Socially Responsible Investment, Stakeholder Engagement, Sustainability, Philanthropy etc. >Focus on any of the parameters can tilt the definition and meaning. Dahlsrud observed that there were 37 definitions of CSR, which according to a large reviewer is grossly underestimated (Dahlsrud, 2006). The most commonly used definition has been that of World Council of CSR and Sustainable Development (WCCSD) which defines CSR as continuing commitment of business to behave ethically and contribute to economic development while improving quality of life of the workforce and their families as well as local community and society at large.

The European Commission has defined CSR as the responsibility of enterprises towards their impact on society. CSR should be company led, even though public authorities can play supporting role through a smart mix of voluntary policy measures and, where necessary, complementary regulation. (European Commission, 2016). The definition of CSR by European Commission reinforces the belief that where voluntary process fail, regulatory process has to step in.

As per UNITAR, (UNITAR, 2015) Corporate Social Responsibility (CSR) can be understood as a management concept and process that integrates social and environmental concerns in business operations and a company's interactions with the full range of its stakeholders. Peter Drucker argued that proper social responsibility of business is to turn a social problem into an economic opportunity (Drucker, 2004). Converting this economic opportunity to economic benefit, so that this economic benefit can create productive capacity into human competence, into well paid jobs, and into wealth (Tonello, 2011)

From Corporate Responsibility it is now slowly on the way to transform to Corporate Responsiveness, Corporate Sustainable Responsibility (Visser, 2011). Visser, 2011 proposed CSR 2.0 where he argued that the acronym CSR to be retained to mean 'Corporate Sustainable Responsibility'. He further argued that 'sustainability' (with roots in the environmental movement) and 'responsibility' (with roots in the social activist movement) are really the two main games which is evident from the fact companies' non-financial reports belong either corporate sustainability or corporate responsibility reports.

While the drivers and compulsion might have changed and evolved over time, the success of this ubiquitous term remains dependent on the belief and principle of corporate rectitude, not necessarily on corporate social rectitude, but in all aspects of normative behavior.

In reality, these varied definitions as context of businesses has led to variety of CSR practices. CSR strategy in different types of businesses is expected to be in sync with their business strategy and can be starkly different in concept plans and execution, since Transnational/Multinational / Global /International/National organizations are different in terms of their construct and business plan and they normally have different business strategies, objectives and goals. Even the variation amongst industry /sector/geographical presence are likely to have significant impact on the CSR of any company. CSR is also influenced by conceptual framework and understanding and closely interlinked with geographical, social, cultural, political foot prints unique and contextual to the country.

### **3.0 CSR in India**

Many Indian business houses have contributed immensely to social and environmental causes in addition to their economic and fiduciary responsibilities. Charity by business houses before industrialization was mostly philanthropic, driven by religious belief such as Daan (Hindu), Zakat (Muslim), Seva (Sikh) and was confined to one's own community, caste, religion. Post industrialization, Indian corporates were engaged in various philanthropic activities which however were also person or location specific, adhoc and ameliorative and were not inclusive, substantial or institutionalized.

India had witnessed some great personal philanthropy over years. However, the overall picture and total contribution of industry in CSR investment have not been very encouraging. According to 2011 report of Bain & Company, private charity in India is approximately 0.3-0.4% of GDP (Sheth & Singhal, 2011). Indian total CSR/Philanthropic spent in 2006 was estimated at \$5 billion or less than 0.6% of GDP despite booming economic growth, whereas developed nation like US had much higher spend (US \$307.75 billion or 2% of GDP) (Caroline, 2012) . This is despite the fact that, being a developing country, the development needs of India is different from that of other nations.

Nevertheless, this scenario is set to change with the enactment of Companies Act of 2013 replacing Companies Act of 1956, where in as per Section 135, companies falling under its set criterion are to comply or explain their CSR spent which shall be at least two per cent of the average net profits of the company during the three immediately preceding financial years (The Gazette of India, 2013) . The act not only provides guidelines on various governance issues including constitution of board level committee, finalization of CSR policy and involvement of apex management etc., but also considers the failure to report CSR spending or the reasons for not spending as amounting to contravention of Companies Act, for which the company shall be punishable with fine and the officer who is in default shall be punishable with imprisonment or with fine or both.

This led to great revolution in the area of CSR in the largest democracy, India becoming the only country to make CSR mandatory, though the debate on this act making responsibility as accountability/ mandatory still continues. A study by Indian Institute of Management, Ahmedabad working paper no 2015-03-09: "Is 2% The solution?" highlighted a potential adverse impact that the companies which were spending more than 2% of their profit on CSR could anchor on 2% minimum spending and as a result there could be reduction in CSR spend (Desai, Pingali, & Tripathi, 2015). While the mandatory regulation can bring in many other companies who were not participating in development story earlier into the CSR net, many could ignore the strategic benefit (Malik, 2014)) gained from CSR and anchor solely on the minimum stipulated spending. Also in view of minimum mandate, the CSR fund allocation in future could be based on anchoring rather than overall cost estimate of the activity which otherwise could be higher.

### **3.1 Indian CSR as per Co Act 2013**

CSR is a way of conducting business by which corporate entities in India can conscientiously contribute to social and environmental good for the nation. As per the CSR rules 2(c) under Companies Act 2013 published on 29-03-2014, "Corporate Social Responsibility (CSR)" means and includes but is not limited to (The Gazette of India, 2013):

- Projects or programs relating to activities specified in Schedule VII to the Act or
- Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act

The rule has also explained that "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII (The Gazette of India, 2013) to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company;

According to Indian definition of CSR as above, various CSR theories like that of Peter Drucker (Drucker 1984) or Porter & Kramer (Porter & Kramer, 2002) may not truly come under the ambit of Indian CSR and the expenditure towards those may not qualify as CSR spend. For example the Hindustan Levers project Shakti for marketing FMCG to rural consumers (Ranjan & Sinha, 2011) though contributes immensely to the upliftment of poor at the bottom of Pyramid (Prahlad & Hart, 2002), empowering women, ameliorating poverty, the expenditure incurred towards them cannot be shown as CSR spent in India. So is the case of the contribution of SF 50000 given by Charles Vellion, SA to Association Francois Xavier Bagnoud (AFXB) to support its ongoing child labour welfare program which included the pilot monitoring program of Vellions principal suppliers in India (Paine & Reitz, 1997). Similarly, ITC e-Choupal, the Company's deep farmer relationships and productivity enhancing agri-interventions has raised rural incomes, improving the quality of life and transformed village ecosystems and empowered more than 4 million farmers in 40,000 villages (ITC Limited: Reports and Accounts, 2015). However, that may not matter much to the progressive business organization as apart from investing 2% of average net profit of last 3 years on activities as detailed in schedule VII of the Act, the organization have to necessarily create greater positive impact on people and planet through the processes policies adopted while running the normal course of business towards products and services for sustenance and success.

### **3.2 CSR Investment in India**

As per Philanthropy, Giving USA 2015 Annual report total giving in USA during 2014 was more than \$358 billion (about 2% of GDP) (Hall, Stiffman, Coddington, & Myers, 2016). Out of this \$258.5 billion (72%) was individual donation and another 15% was through bequest. While Foundations gave \$54 billion and Corporate donation was \$17.8 Billion. National Volunteer and Philanthropic Centre of Singapore in its study (2005) reported that corporate giving around the world is about 1% whereas that of USA is 1.6%, Canada is 1.05%, UK is 0.95% and Singapore is 0.22% (NVPC, 2005).

However, published data is scarce to establish the amount of CSR or philanthropic investment of Indian companies, foundations or individuals. Central Statistical Office carried out a four-year study on Non Profit Institutions. In 2012, it reported that Non Profits gets about 70% of total donations from private donation, offerings and grants. Survey of 694000 organization out of 3.17 million registered nonprofits revealed that Rs 50914 Crore or \$ 9.3 billion (USD 54.995) came from these source out of total Rs 72792 USD (13.2 billion) (National Accounts Division, 2012). If it is extrapolated to all the 3.17 million registered nonprofits, the size can be INR 331810 (\$60.3 billion) with donations and grants accounting to INR 232083 crore (USD 42.2 billion). A major part of this may be coming from international philanthropy.

According to 2011 report of Bain & company, private Charity in India is approximately 0.3-0.4% of GDP (Sheth & Singhal, 2011). Vanzile Caroline in 2012 reported that in 2006 Philanthropy spend in India was approximate \$5billion which is less than 0.6% of GDP (Caroline, 2012).

According to World bank CSR Spend of Indian Companies during 2009-10 was 7.5 billion USD and Central Public Sector Enterprise spent about 700 million USD annually (Robinett, Marathe, & Kikeri, 2010).

Centre of Excellence for Sustainable Development study of 1181 BSE listed companies reported spent of Rs 6400 Crore during 2014-15 (CESD, 2015). From the above, it appears that there is wide variation in the reports and estimates. Thus from all the above the total CSR fund flow as per Company Act 2013 in India was estimated as around USD 1.8-2.0 Billion during the year 2014-15.

However as per confirmation by Ministry of Corporate Affairs that a total of 51 CPSE and 409 Public sector companies have spent Rs 6337 Crore against mandated amount of Rs8347 Crore till March 2016 (MCA).

**Table 1: CSR expenditure during 2014-15 (in Rs. Crore)**

Sr. No.	Company Type	No. of Companies	Actual CSR Expenditure	Mandated CSR Expenditure
1	PSUs	51	2386.60	3359.84
2	Private Sector Companies	409	3950.76	4987.63
	Total	460	6337.36	8347.47

### **3.3 CSR Expenditure by CPSEs**

Since inception, CPSEs have been engaged in various social, philanthropic, CSR activities. The Committee on Public Undertakings (1993-94) in its 24th Report on 'Social Responsibilities and Public Accountability of Public Undertakings' recommended a number of measures that form the base for making the guidelines on CSR for CPSEs (Committee on Public Undertakings, 2016). DPE released guidelines on CSR and Sustainability initially in November 1994 which left the responsibility to Board of Directors to devise socially responsible business practices. In April 2010 DPE released guidelines where apart from mandatory allocation of CSR fund, CPSEs were expected to integrate social and environment concerns in their business plan (Department of Public Enterprises, 2016):

Another detailed guidelines were released by DPE effective from 1-4-2013 to include the scope and horizon of CSR and sustainability with minor changes in fund allocation requirements.

As per Public Enterprise Survey 2014-15, as on 31-12-2015 there were 235 operative CPSEs in India. With total investment of Rs 9.92 trillion these CPSEs recorded a turnover of Rs 19.95 trillion. CPSE contribution to country's GDP was around 20% in 2012-13 and 18% in 2014 (Dun & Bradstreet, 2015). The net profit made by 235 CPSE was Rs. 103003 Crore after deducting the loss made by 77 CPSEs (Rs 27360). They employed 1.29 million people as part of their workforce which was about 5% of the organized sector.

Contribution of CPSEs to Central Exchequer was Rs 2, 00,585 and foreign exchange earnings through exports of goods and services were Rs 1, 03,071 Crore in 2014-15. (PE survey 2014-15)

### **4.0 Contribution of Oil and Natural Gas Sector Maharatna CPSE through CSR**

The Government initiated scheme whereby CPSEs having advantages and potential to become global player were identified as "Maharatnas". They were provided additional powers for decision making in the area of (i) capital expenditure, (ii) investment in joint ventures/subsidiaries, (iii) mergers & acquisitions, (iv) human resources

There are three Maharatna CPSE in Oil and Gas sector as listed below. (i) GAIL India Limited (GAIL) (ii) Indian Oil Corporation Limited (IOCL) (iii) Oil & Natural Gas Corporation Limited and (ONGC).

A cursory review and analysis of records from Official Websites and Annual Reports of above mentioned Maharatna PSEs, reference to PE Study (2014-15) released by Department of Public Enterprises, Ministry of Heavy Industries Public Enterprises - [Sahu \(2014\)](#), [Rajasekar and Antony \(2015\)](#), [Ramesh \(2015\)](#), [Rani and Khan \(2015\)](#), [Behera \(2016\)](#), provides insights in gamut of activities taken by Maharatna PSEs in diverse way in various parts of the country.

Current status of implementation of CSR agenda as observed from Vision, Mission, CSR Policy, Purpose, Fund allocation, Execution/ Monitoring/ Measuring/ Reporting mechanism and specific CSR intervention of these Maharatna companies are shown below:

**Table 2: Status of various compliance for Oil and Gas Sector Maharatna CPSEs:**

	GAIL	IOCL	ONGC
CSR Policy	Yes	Yes	Yes
CSR Vision	Yes	Yes	Yes
CSR purpose	Yes	Yes	Yes
Independent Director	Yes	Yes	Yes
Focus area	Schedule VII of Companies Act	Schedule VII of Companies Act	Schedule VII of Companies Act
Need identification	Major Projects	Major Projects	Major Projects
Monitoring mechanism	Yes	Yes	Yes
Impact Assessment	Major Projects	Major Projects	Major Projects
Reporting	Yes	Yes	Yes
Global Compact Member	Yes	Yes	Yes
Sustainability Reporting	Yes	Yes	Yes
Report on Public Domain (Website)	Yes	Yes	Yes
Swachh Vidyalaya No of toilets	2799	2686	7958
CSR Budget	As per Co Act	As per Co Act	As per Co Act

**Source: Annual Reports and CSR Policies of the Maharatna CPSEs**

These companies have been integrating CSR with their business by giving priority to their host community or communities living in their operational areas and at the same time focused on environment concerns by taking measures beyond the statute and guidelines such as pollution control and environmental sustainability and are reported in the sustainability reports. The major CSR initiatives of the three Maharatna CPSEs is as follows:

**5.0 GAS AUTHORITY OF INDIA LIMITED (GAIL):** Gail is India's largest natural gas company and ranked as the top gas utility in Asia. As a conscious corporate citizen, the organization believes that it has a social purpose. There are many programs for social upliftment that are run by GAIL under different heads of program:

Gail has identified focus areas namely **GAIL Arogya** (Wellness) - Nutrition, Health and Sanitation and Drinking Water projects, **GAIL Ujjwal** (Towards a Bright future) – Education initiatives, **GAIL Kaushal** (Skill) - Livelihood Generation and Skill development initiatives, **GAIL Unnati** (Progress)- Rural Development, **GAIL Sashakt** (Empowerment)- Women Empowerment initiatives, **GAIL Saksham** (Capable) - Care of the elderly and differently abled and **GAIL – Harit** (Green) - Environment centric initiatives.

- Community infrastructure especially rural infrastructure appears to be at the forefront of focus of GAIL CSR. Numerous public utilities and buildings such as bus shelters, community halls in villages have been created in past few years benefitting many community members.
- In the field of promotion of education GAIL has taken several projects over the years including sponsoring mid-day meal for less privileged in government schools.
- Provision of drinking water has perpetually remained at the core of CSR activities of GAIL particularly in rural pockets of the country.
- Health care has been a critical focus area of GAIL CSR as it has taken projects with long term investment making larger impact. Various specialized health camps, HIV/AIDS Awareness Camps and Mobile Medical Vans are providing continuous health care and support to communities living in various remote rural parts of the country.
- GAIL CSR also focused on imparting skills based training in to rural youth. Youth were provided with training in various sectors. Similarly, livelihood promotion and capacity building for women and youth in flood affected regions were also taken.

**6.0 INDIAN OIL CORPORATION LIMITED:** It is the largest ranked Indian company in the latest fortune 'Global 500' listings, ranked at the 96th position. Indian oil is known to have supported large number of social welfare and social development initiatives. A look into the CSR activities of IOCL provides following:

Since 1991 IOCL was allocating 0.5% of its profit of previous year in CSR activities. From 2009 it contributed 2% of the retained profit of the earlier year towards CSR. From 2014-15 it is complying with Co Act for allocation of fund the focus area has been: Safe drinking water, Healthcare and Sanitation, Empowering women and socially & economically backward groups, Education and employment-enhancing vocational skills, Environment sustainability, Protection of national heritage and promotion of art & culture, Rural development projects. Various activities are under taken in these focus areas. Indian Oil also has a foundation for taking up specific CSR activities like undertaking works to develop tourist friendly facilities at various national monuments of archaeological and historical importance.

- IOCL invested hugely in field of health care. The company launched a primary mobile healthcare scheme titled "Indian Oil Sachal Swasthya Seva" for running Mobile Medical Vans (MMVs) and a hospital with modern facilities for community at large.
- Indian Oil awards scholarship to poor and deserving students on merit-cum-means basis, who are pursuing full-time courses at different levels.
- A number of education infrastructure development projects for the schools in remote areas have been undertaken by IOCL in various states of the country.
- IOCL launched a unique skill development for government teachers.

**7.0 OIL AND NATURAL GAS CORPORATION LTD (ONGC):** ONGC is the second largest Exploration & Production company in the world and is amongst the top 5 Energy companies in Asia, and 21st in the overall listing of global energy companies (Platt's Top 250) (Global Energy Company Ranking 2012).

ONGC is one among the top contributor to CPSE CSR fund. During the year the company allocated 20% each of its CSR Budget against Education, Health, Environment, and Infrastructure support in local area (rural development) and towards promotion of arts, culture, sports and maintaining monument as per CSR policy. A glimpse of the CSR activities by ONGC as follows:

- Health care is one of the dominant aspects and thrust area of ONGC CSR. ONGC has undertaken many significant activities such as operating village clinics, MMVs, pathological tests of thalassemia patients, support to polio eradication program and organizing medical camps in remote villages in project areas.
- Community development particularly for providing basic amenities is the constant effort for ONGC with Drinking water projects and amenities to various less privileged communities were provided.
- ONGC initiated several projects for computer/technical education of students.
- Vocational Training at the grass root level have been undertaken by ONGC through various ground level NGO and entrepreneurs have been developed among them.

Merely undertaking these activities may delude the expected outcome or impact unless there is process to implement and monitor these interventions in ground. In line with the government efforts in creating conducive ecosystem for CSR intervention and meaningful impact these companies have progressively addressed the alignment issues by including social vision in addition to economic vision and aspirational values in the Vision and Mission statements and thereby coming up with CSR vision and purpose. Focus areas are in sync with the development targets of the country through Schedule VII of companies Act. Set processes for identification of need or base line study and measurement of output and impact and a defined CSR project management strategy with resource allocation start /end date have been institutionalized for better delivery. Involvement of Apex management and putting every details in public domain has not only increased transparency and but also led to additional pressure for success of CSR projects and intervention.

In addition, they are progressively adopting other aspects of governance, accountability and transparency. All these companies have voluntarily become signatories of Global Compact Network to mitigate the issues of Human Rights, Labour Welfare, Corruption and Environment. To bring transparency, they have also started publishing GRI report (Global Reporting initiatives).

An analysis of details available in websites CSR section on Annual Report 2014-15 of the companies under study provide that the reach of these companies was vast in geographical terms, they supported a large number of beneficiaries and impacted lives of disadvantaged sections of society. The CPSEs have implemented CSR Projects in field of education and health care as most important focus areas in length and breadth of the country. Many of the interventions were in districts which are identified as Backward by BRGF of Planning Commission. These CPSEs have taken projects in the areas which affects the entire nation. For e.g. ONGC implemented its major initiatives of Swachh Bharat Abhiyan, Health Infrastructure CSR Projects, and Education and Skill Development Initiatives in multiple states. Similarly, the CSR initiatives of IOCL were in field of Education, Health Care and Scholarships were implemented in all India manner.. IOCL established health care facilities in specific areas in the vicinity of their operations. In the same direction, the Major Project (of Values more than INR 1 Crore) were implemented by GAIL in multiple states/districts and many of which fall in the BRGF list or GAIL operational areas. It provides that a large geographical area is being covered by these three Maharatna CPSEs of Oil and Gas sector.

A review of the areas/fields of social development where these CPSEs have invested their CSR budget provide that the large sum has been invested in issues like Health and Education but Skill Development has been the growing interest area of CSR. Issues which were not paid attention by development practitioners in India like care of elderly people, has gained attention of a few CPSEs for CSR initiatives. The burning issues of malnutrition, safe drinking water and sanitation which were part of Millennium Development Goals (MDGs) and are part of Sustainable Development Goals (SDGs). These CPSEs have also given priority to environmental upgradation by initiating plantation drives for e.g. by ONGC in coastal areas and state of Uttarakhand in past few years. The inference can be drawn that the CSR by CPSEs under study has not only invested in the larger issues of education and health care but has ventured in the new emerging requirements of society.

## **8.0 Role of CPSEs in Indian Development: A Story**

A recent contribution of CPSEs and Government Oil companies towards social development initiative of Government of India clearly establish that CPSE are development actors too in addition to value creator. The Government of India undertook largest ever Sanitation drive (Swachh Bharat Abhiyan/ Swachh Vidyalaya) to provide separate toilets for girls and boys in each of the 10.94 primary schools by 15th August ,2015. It called for construction of about 4.1 lakh toilets across the country. Out of 4.18 lakh toilets constructed in less than a year in 33 states across the length and breadth of the country 1.42 lakhs toilets were constructed by Public Sector Undertaking companies in a record time in far flung area (MoHRD, 2016). This is a clear instance where CPSE have contributed to the social development story of the country.

## **9.0 Conclusion**

Motivation of charity may vary from selflessness to selfishness though many believe that in selfishness also there lie some self-interest. CSR in its primitive form was more akin to philanthropy or giving back to society which could have been driven by religious devotion, tradition, altruism or guilt. As business navigates the risk and opportunity



CSR become risk mitigatory endeavour or Corporate responsiveness. Further to create benefit businesses have started looking for business case in all CSR activities, thereby utilizing CSR as a Management Tool.

Whatever be the motive, the fact that resources are deployed and specific target in mind is more likely to lead to tangible outcome. Knowledge of outcome based on identified need, better governance within the government as well as in the Corporates and Non-profits, better coordination between state and all non-state players or contributors to the development arena are expected to give improved outcome and impact.

The development activities of conscious corporates /CPSEs have been going on since decades. Government has been enabling facilitating environment for CSR and sustainable development for better outcome and impact. Regular guidelines since 2009 have made conducive atmosphere for Corporate to work in the area of CSR. The concept of CSR and sustainability has been spread among the corporates by periodic issue of such guidelines. Conceptual issue of CSR has been taken care by providing clear definition leaving no ambiguity as to what the Corporates are expected to do. Mandating the CSR and listing down the area where CSR investment has to be necessarily made has given focus on development areas. Areas not covered cannot be considered for CSR spend within mandatory allocation of resources. Providing the CSR project management guidelines - from identifying needs to allocating resources with measurable output and milestone based resource allocation are measures to ensure that the project deliver predefined output in specified time.

Involvement of Apex Management /Board Level Officials in allocation of CSR budget and bestowing the responsibility of monitoring the CSR policy and projects have attached higher accountability. This calls for corporates to spend CSR fund only in pre-defined development projects and that their progress and performances are monitored by top management and put on public domain.

Even if we believe that CSR itself is of economic and capitalist construct and it does not challenge the basic economic activity, it may be prudent to believe that current CSR agenda of Corporate participation through mandatory CSR with projects, programs and activity in the identified development sector under proper execution and monitoring system with clear focus on the outcome could contribute to development goals such as poverty alleviation, education, health care sanitation etc.

Central Public Sector Enterprise of India which were created with focus on value creation as well as bringing social equity have been contributing to the social cause in tandem with government initiatives. They have been constantly participating in social development initiatives undertaken by Government. They have recently contributed to social causes by constructing 1.42 lakhs School toilets. In addition to contribution through job creation these CPSEs have generated investment, produced safe products and services, paid tax and duties, invested in human capital, established local business linkage, spread international business, supported technology transfer, and built physical and institutional infrastructure. In addition, they have been investing thousands of Crores of CSR fund in development front. With the present enabling atmosphere and clarity, the CPSEs appear to be aligned concurrently to social development and economic prosperity and are potent developmental actors.

Review of CSR activities of Oil and Natural Gas Maharatna CPSEs establishes that a great deal of efforts is being made to compliment and supplement the efforts of Government in economic as well as social development. The focus areas and the activities undertaken by these companies clearly establish their alignment to government expectations and initiatives.

However, studies reported that there is unequal flow of CSR fund and that the quantum of CSR projects are very low in some parts of the country where as concentrated in few states. (CESD, 2015) This can be because of the fact that the Companies Act suggests to give preference to the local area where the companies operate, understandably to create a competitive context to business, making a business case for CSR without losing focus on development. However, considering the wide gap between needs and resources availability there is need to focus on other areas as well. To mitigate such spatial inequality due to lower concentration of businesses in certain areas, CSR investment of organizations that virtually do not have local area (finance /on line business) and government scheme may be intensified in such underprivileged areas.

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