



CSR (Corporate Social Responsibility) in India: Issues and challenges with reference to large Maharatna Public Sector Undertakings

Devendra Singh Jadon, Research Scholar, Datta Meghe Institute of Management Studies, Nagpur)
Dr. Vaishali Rahate, Research Supervisor, Datta Meghe Institute of Management Studies, Nagpur)

Abstract

Corporate Social Responsibility (CSR) in India has become extremely important, particularly after incorporation of the Companies Act of 2013. In Companies Act 2013, Corporate Social Responsibility was made mandatory for qualified Corporates in India. Change from Voluntary CSR to Mandatory CSR has made CSR more important for Community development. In India, large Public Sector Undertakings (PSUs) are key contributor in Corporate Social Responsibility (CSR) due to their scale, reach, scope and Public Ownership. This study focuses on the role of large PSUs in the Indian CSR sector as well as the challenges they face while implementing CSR Activities.

INTRODUCTION

The Organizational commitment to enhance the quality of life for their stakeholders i.e. employees, their families, the local community, and society at large while promoting sustainable economic development is known as corporate social responsibility(CSR). In other words giving back to the society is CSR. The Companies Act, 2013 mandates Corporate Social Responsibility (CSR) in India , requiring some businesses, including major public sector enterprises, to set aside a part of their profits for economic, social and environmental sustainable projects. In India, Public Sector Undertakings (PSUs) are government owned corporates operates in almost every sector like Oil & Gas, Power, Mining, Manufacturing & Service etc that play a vital part in the development of the country. They are expected to contribute in CSR initiatives that support upliftment of citizens and activities of national priority.

This study focuses on the difficulties and challenges faced by these Large Public Sector Undertakings in India while implementing such CSR Activities.

CORPORATE SOCIAL RESPONSIBILITY IN INDIA

1. Legal Framework and Evolution of CSR in India

- Companies Act, 2013 mandates CSR, which is described under Section 135 of the Act.
- Type of Activities can be undertaken as CSR is also well defined under Schedule VII of the Companies Act, 2013.
- Describing CSR obligations for public vs private sectors.

2. CSR Activities and Areas of Focus

- Common areas of CSR activities are Rural Infrastructure development, Healthcare, Education, Eradication of Hunger, Slum development and environmental sustainability.
- Selection of Major CSR activities has to be in line with the National & International priorities.

ROLE OF PSUs IN CSR

1. Public Sector Undertakings in India

- Public Sector Undertaking in India contributes heavily in Economy of India. Public Sector Undertakings contributes significantly in GDP, Employment Generation, Forex Generation, contribution in Direct and Indirect Tax.
- Overview of the major large PSUs like ONGC, CIL, NTPC, Indian Oil Corporation and BHEL.
- Financial capacity, presence in Rural, Technical Expertise, Public Ownership and large financial capacity make them ideal for contributing in CSR.

2. Strategic CSR Focus Areas for PSUs

- Health and sanitation projects in Rural parts of Country.
- Initiatives related to provide Education and skill development.



- Infrastructure development (Roads, Electrification, water supply).
- Environmental conservation and sustainable practices.

ISSUES AND CHALLENGES IN CSR IMPLEMENTATION FOR PSUs

1. Governance and Accountability Issues

- The Bureaucratic Structure, Political Interference makes the Decision-making more difficult.
- Lack of clear accountability and transparency in CSR reporting.
- Pressures between profit generation and fulfilling social obligations in true spirit.

2. Resource Allocation

- Various PSUs allocate the Fund since it is mandate, but fails to utilize the allocated fund due to various constraints.
- Challenges in ensuring optimum resource utilization for CSR projects.

3. Lack of Proper Monitoring and Assessment of Impact

- Challenges in assessing the impact and outcomes of CSR initiatives.
- Lack of standardized impact assessments and reporting practices.

4. Alignment with Community Needs

- Sometimes CSR activities undertaken by PSUs and need of the community has a gap.
- Local community involvement and consultation in the planning phase lacks during planning phase.

5. Political Influence and Bureaucratic Delays

- Influence of local politicians on consideration of CSR activities for their political agendas/gain.
- Delays in project approval and execution due to complex regulatory processes.

6. Sustainability and Long-term Impact

- Short term CSR initiatives are often leading to questions about their long-term impact and sustainability.
- Difficulty to scale successful CSR initiatives or integrating them into long-term development plans.
- CSR activities are implemented in silo, integration of similar activities done by various corporates is required for impact enhancement.

CASE STUDIES OF CSR INITIATIVES BY LARGE PSUs

1. Oil and Natural Gas Corporation (ONGC)

- ONGC CSR contributes in healthcare, education, and rural development sector in various states.
- Notable programs like the ONGC Energy Education Foundation (OEEF)

2. Coal India Limited (CIL)

- Initiatives of building Rural infrastructure, promoting development of Rural community through skill enhancement.
- Efforts to promote Education, Health and Sanitation specially in rural areas.

3. National Thermal Power Corporation (NTPC)

- Focus on environmental sustainability, Zero Carbon Emission by renewable energy projects, and community development.
- Solar Power initiatives and educational programs for rural community.

4. Indian Oil Corporation limited (IOCL)

- Initiatives in promoting healthcare, sanitation, and education particularly in rural areas.
- Sustainable practices and projects related to clean/green energy.

5. Bharat Heavy Electricals Limited (BHEL)

- CSR efforts in promoting education and skill development of needy citizen.
- Environmental protection through clean/green energy initiatives and waste management.



STRATEGIC RECOMMENDATIONS

1. Enhanced Governance and Transparency in implementation of CSR

- Establishing clearer accountability structures and improving transparency in CSR initiatives.
- Publishing comprehensive reports on CSR performance and on its impact on society.

2. Better Resource Allocation

- Aligning CSR budgets with business revenue and ensuring a mandate percentage from profits is allocated for impactful CSR activities.
- Ensuring effective financial planning to reduce inefficiencies in fund utilization.

3. Community Engagement in CSR planning & Execution phase

- Discussion with local communities to align with CSR activity with the requirement of beneficiaries before initiating CSR projects.
- Creating a process of planning and execution of CSR activities through decision-making that involves employees, local communities, and external stakeholders.

4. Long-term Impact of CSR and Monitoring

- Moving from short-term projects to long-term CSR strategies that are integrated with the company's business plans.
- Implementing robust monitoring system and digitalization of records for maximum reach to the public.

CONCLUSION

Major share in CSR expenditure is captured by Large PSUs. They play a crucial role in shaping the CSR landscape in India. However, PSUs face various implementational & execution challenges in implementing effective and impactful CSR activities. The challenges ranging from governance issues to resource constraints and non-expertise in development of such projects. While they have made significant strides in contributing to Social development, a more strategic and integrated approach is necessary to maximize the benefits of CSR initiatives. By focusing on high level of transparency, long-term sustainable impact, and involvement of community in decision making, large PSUs can reduce existing challenges and significantly contribute more to the socio-economic development of India.

REFERENCES

- Companies Act, 2013, GoI.
- Department of Public Enterprises (DPE) CSR Guidelines issued time to time.
- Various reports, general and publications on CSR practices by PSUs.
- Sustainable Development Goals (SDGs) and their alignment with CSR objectives.