AN ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES ADOPTED BY THE COMPANIES IN CHHATRAPATI SAMBHAJINAGAR (FORMERLY AURANGABAD) CITY IN MAHARASHTRA

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INTRODUCTION:

Corporations have their core function or main target of earning profit. A company is considered to be an entity distinct from its members, therefore it is an artificial person in eyes of Law and like a distinct person, a corporate or company is also expected to fulfil its social obligations. Corporations take a lot from society in the form of resources for carrying out its functions and earning profits, hence it should also be able to return to society some of the benefits reaped.[1] This liability of the company to return to society has been termed as Corporate Social Responsibility (hereinafter referred as CSR). The introduction of the Liberalisation Privatisation and Globalisation ("LPG") policy in 1991 in India by the then government of P V Narsimha Rao has given a new direction to Indian companies, industries, factories and revival of the Indian economy. Compared From 1991 to the present the Indian private companies' growth is tremendous.[2] The adoption of LPG policy has also made policy makers to think of Social Responsibility of the Companies. The Concept of CSR is not new to India. Earlier in 2009 the Government of India has issued voluntary guidelines to companies in respect of CSR whereas companies were under no legal obligation but it was voluntary to adopt CSR practices. India is the first country in the world to make CSR mandatory, following an amendment to The Companies Act, 2013 in April 2014.[3] The Act requires that companies should set up a CSR board committee. The committee is responsible for enforcing the

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[1] A Sethi, Corporate Social Responsibility (CSR): The Indian Perspective‖, Corporate Catalyst India Pvt. Ltd.

[2] Dipendra Singh Tomar, "Corporate Social Responsibility – An Elaborative Understanding", Manupatra accessed on https://articles.manupatra.com/article-details/Corporate-Social-Responsibility-An-Elaborative-Understanding visited on 08/06/2023

[3] See Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules 2014

requirement of spending 2 % of the company's income on CSR Activities.

Chhatrapati Sambhajinagar (Formerly Aurangabad) is capital city of Marathwada region in Maharashtra and is known for rapid industrial growth. Many reputed domestic and foreign companies have their set up in Chhatrapati Sambhajinagar. Its MIDC is very wide and is expanding over a period of time. Chhatrapati Sambhajinagar is one amongst the eight smart cities chosen by Government of India to be developed. Recently, Delhi-Mumbai Industrial Corridor (DMIC) has been selected in this city. The data reveals that Maharashtra is at top in CSR spending in India. The Aurangabad stands at seven number amongst top ten Districts of Maharashtra in CSR spending. This made researcher to undertake this study to highlight the role played by companies in Chhatrapati Sambhajinagar towards societal development. With the help of this background, researcher has made an attempt to study and identify CSR practices adopted by Companies in Chhatrapati Sambhajinagar city of Maharashtra.

STATEMENT OF RESEARCH PROBLEM:

CSR has become a fundamental aspect of modern business operations, particularly in India, where legal mandates and global expectations increasingly influence corporate behaviour. However, while there has been extensive research on CSR practices in metropolitan cities such as Mumbai and Delhi, there is a distinct lack of comprehensive studies focusing on medium-sized cities like Chhatrapati Sambhajinagar (formerly Aurangabad), Maharashtra. This gap in research creates an opportunity to explore the unique CSR practices adopted by companies in Chhatrapati Sambhajinagar, particularly within the context of regional socio-economic challenges, industry-specific demands, and local regulatory frameworks. Thus, the research problem is to analyse the CSR practices adopted by companies in Chhatrapati Sambhajinagar (formerly Aurangabad) city, Maharashtra, assessing their impact on the local community, the challenges faced in implementation, and the alignment with legal and regulatory frameworks.

RESEARCH QUESTIONS:

- What are the key CSR practices adopted by companies in Chhatrapati Sambhajinagar?
- How do companies in Chhatrapati Sambhajinagar define and implement CSR within their corporate strategies?
- What impact have CSR activities of companies in Chhatrapati Sambhajinagar had on

the local community's social and economic development?

- How do the CSR initiatives address local challenges, such as education, healthcare, and infrastructure development in Chhatrapati Sambhajinagar?

AIMS AND OBJECTIVES:

The aim of this research is to analyse and evaluate the CSR practices adopted by companies in Chhatrapati Sambhajinagar (formerly Aurangabad) city in Maharashtra. The study examines how these CSR practices are designed, implemented, and assessed, as well as their impact on the local community, corporate performance, and overall societal development. Keeping this aim in mind, the researcher has undertaken this study with following objectives….

- To identify the CSR practices adopted by companies in Chhatrapati Sambhajinagar.
- To assess the factors influencing CSR adoption by companies in Chhatrapati Sambhajinagar.
- To explore the sector-specific CSR activities in Chhatrapati Sambhajinagar.
- To evaluate the impact of CSR initiatives on the local community in Chhatrapati Sambhajinagar.

RESEARCH METHODOLOGY:

This study is based on the doctrinal research. The researcher has used CSR reports and corporate disclosures published by companies operating in Maharashtra, particularly those in Chhatrapati Sambhajinagar. In this connection, the researcher has relied on government and company's websites to collect data. The researcher has selected few prominent companies in Chhatrapati Sambhajinagar to explore how CSR is implemented and regulated in practice within these organizations. The researcher has reviewed their CSR reports and practices to evaluate how companies interpret and follow legal CSR obligations.

SCOPE AND LIMITATIONS OF STUDY:

The study is limited to the Chhatrapati Sambhajinagar city (formerly Aurangabad) of Maharashtra. The study is based on Secondary data. The researcher does not have any access to internal CSR details of the company and the details are taken from the Government and Companies website.

THE CONCEPT AND DEFINITIONS OF CSR:

The Concept of CSR has become dominant in aspect of corporate life. To me, it means responsibility of a corporation towards the society at large to give back something to the society. The totality of CSR can be best understood by three words: 'Corporate,' 'Social,' and 'Responsibility.' In broad terms, CSR relates to responsibilities corporations have towards society within which they are based and operate, not denying the fact that the purview of CSR goes much beyond this. In the larger perspective it is society that actually gives permission to business to operate in society and earn money. This obviously demands that the business world pays for this permission by a legitimate sharing of the wealth it is earning from society by sharing it with society.[4] CSR is comprehended differently by different people. The term CSR is very much wide and complex in nature. Generally, CSR means the entire activities done by the corporate with achieving the goal of welfare of all the stakeholders and not just company's shareholders.[5] CSR is a concept which has become dominant in business reporting. Every corporation has a policy concerning CSR and produces a report annually detailing its activities. And of course, each of us claims to be able to recognize corporate activity which is socially responsible and which is not socially responsible.[6] The term CSR itself came into common use in the early 1970s.[7] The idea of CSR first came up in 1953 when it became an academic topic in HR Bowen's Social Responsibilities of the Business. Since then, there has been continuous debate on the concept and its implementation. In 1970, the economist and Nobel laureate Milton Friedman published an article in the New York Times Magazine titled, "The Social Responsibility is to increase its profits." In this article, he referred to CSR programs as hypocritical window dressing and said that business people inclined towards such programs reveal a suicidal impulse.[8] There are many definitions of CSR but researcher would like to mention some of the as under….

[4] Madhumita Chatterji, "Corporate Social Responsibility", Oxford University Press, Sixth impression 2015 p.5
[5] Parimalendu Bandyopadhyay, "An Empirical Study on Corporate Social Responsibility of Eastern Coalfield Limited", RAY: International Journal of Multidisciplinary Studies, E-ISSN: 2456-3064 Volume VI, No. I P.107
[6] David Crowdher and Gullar Aras, "Corporate Social Responsibility" Ventus Publishing Aps, P.10
[7] Global CSR Summit-2013 a study by Ernest and Young and PHD Chamber
[8] Dr.N.Venkateshwarlu,"Corporate Social Responsibility-National and international Perspectives", Asia Law House Hyderabad, 1st Edition (2016) P.229

- **Lord Holme and Richard Watt** state that, "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."[9]

- **The World Business Council for Sustainable Development (WBCSD)** defines CSR as "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large".

- **Kotler and Lee** define CSR as "Corporate social responsibility is a commitment to improve community well-being through discretionary, business practices and contribution of corporate resources. Corporate social initiatives are major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate social responsibility"

- **Bowen (1953):** CSR refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.

- **World Bank (2003):** The World Bank defined CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families, local community and society at large to improve the quality of life in ways that are both good for business and good for development.

LEGAL FRAMEWORK OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA:

The legal framework governing CSR in India primarily stems from the need to align business practices with sustainable development goals and promote ethical corporate behaviour. India stands as one of the first countries to mandate CSR spending for large companies. This landmark development occurred with the passage of the Companies Act, 2013, which introduced Section 135 and established a formal legal basis for CSR activities in the country. Though the legislature over a period of time has tried to address the basic responsibilities of a

[9] Dr.S.R.Myneni,"Law of Corporate Governance", New Era Law Publication, Reprint 2022 p.243

corporate towards its employees and environment by enacting various labour and environmental laws, the introduction of CSR provisions under the Companies Act is a significant legislative effort undertaken to involve corporates as partners in the social development process of the country and in strengthening the social responsibility of businesses.[10] Section 135 of the Act and the CSR Rules framed thereunder form the legal framework of CSR in India. Under the Companies Act, 2013, Section 135 legally mandates CSR for companies meeting specific financial thresholds. These thresholds include a net worth of INR 500 crore or more, a turnover of INR 1,000 crore or more, or a net profit of INR 5 crore or more. Companies that meet these criteria are required to spend **at least 2%** of their average net profits from the preceding three financial years on CSR activities. Schedule VII of the Companies Act provides a broad outline of permissible CSR activities, including initiatives aimed at eradicating hunger and poverty, promoting education and gender equality, supporting environmental sustainability, and preserving national heritage. This list is intentionally broad, allowing companies the flexibility to choose CSR activities that align with their core values and expertise. One of the essential features of new section is that it provides CSR to the tune of welfare state envisaged in our Constitution. This legal framework of CSR in India contained under the Companies Act, 2013 along with Companies CSR Rules, 2014 includes variety of matters related and connected with CSR such as…

- The criteria of eligible companies to undertake CSR activities[11]
- The Constitution and functions of CSR Committee[12]
- Monitoring and Implementation of CSR[13]
- CSR Reporting and display of CSR activities on website[14]
- Transfer of Unspent CSR amount to provided Funds[15]
- Preference to local areas[16]

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[10] The Institute of Company Secretaries of India, "Guidance note on Corporate Social Responsibility" (June 2021)
[11] See Section 135(1) and Rule 3
[12] See Section 135(1) (3) and Rule 5
[13] See Section 135(3) and Rule 4
[14] See Rule 8-9
[15] See Rule 10
[16] See section 135(5)

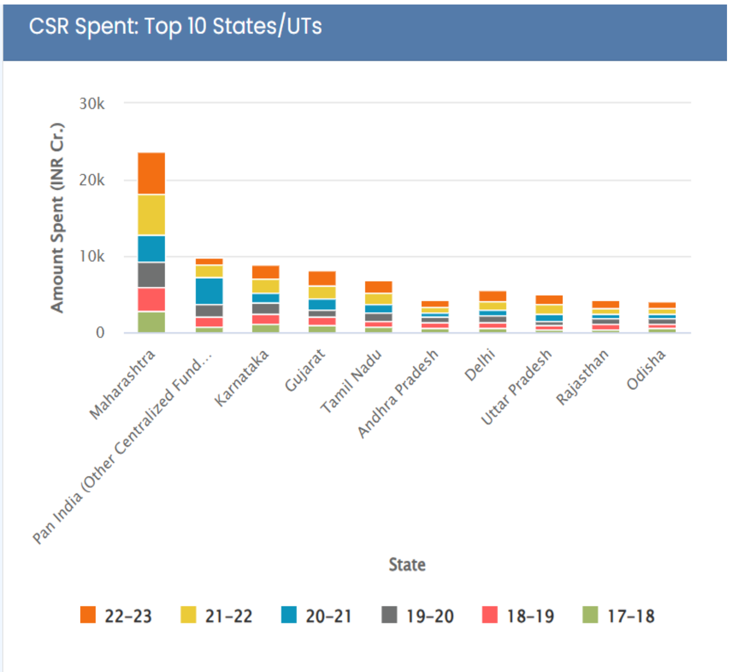
The regulatory landscape for CSR in India involves oversight and enforcement mechanisms by multiple bodies to ensure compliance. The Ministry of Corporate Affairs (MCA) plays a central role, requiring companies to submit annual CSR reports that detail their spending and project outcomes. To enhance transparency and allow public access to CSR data, the MCA launched the **National CSR Data Portal**[17] in 2018, which provides a comprehensive database of CSR activities and expenditures by Indian companies. Meanwhile, the Central Board of Direct Taxes (CBDT) oversees the tax treatment of CSR expenses under the Income Tax Act, 1961.

ANALYSIS OF CSR PRACTICES BY THE COMPANIES IN CHHATRAPATI SAMBHAJINAGAR:

Chhatrapati Sambhajinagar (formerly known as Aurangabad), located in the state of Maharashtra, is home to several industries, ranging from manufacturing to information technology, textiles, and agriculture. Corporate Social Responsibility (CSR) practices in the region are becoming increasingly significant as companies seek to contribute to the local community's welfare, enhance their corporate image, and comply with national regulations. Many companies in Chhatrapati Sambhajinagar (Aurangabad) are actively involved in CSR activities that contribute to the overall welfare of the community. These companies focus on diverse areas such as education, healthcare, environmental sustainability, rural development, and women's empowerment.[18] Their contributions play a significant role in improving the quality of life for people in the region and in building a stronger, more sustainable society. The contribution of Maharashtra and in particular Aurangabad in CSR field can best understood from following data templates available on government website mentioned below.

[17] https://www.csr.gov.in/content/csr/global/master/home/home.html

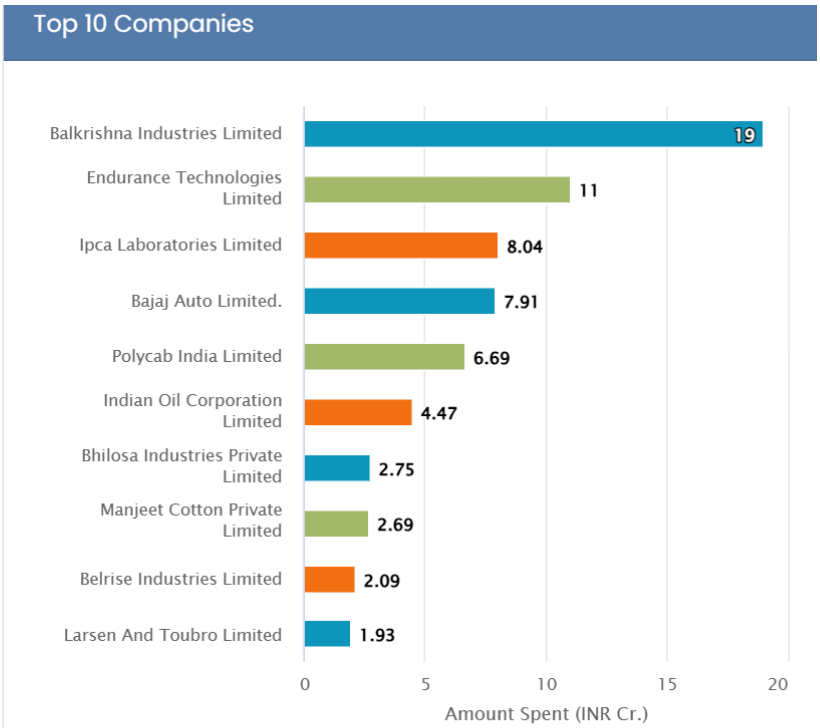
[18] https://timesofindia.indiatimes.com/city/aurangabad/auric-expansion-industries-seek-mass-rapid-transport-system-eway/articleshow/122421952.cms?utm_source=chatgpt.com



List of Districts

S.No	District Name	Amount Spent(INR Cr.)
1	Mumbai City	2764.11
2	Pune	1053.09
3	Raigad	319.9
4	Thane	196.95
5	Nagpur	168.81
6	Nashik	122.27
7	Aurangabad	120.76
8	Satara	65.31
9	Ahmednagar	48.73
10	Ratnagiri	43.88

Source: https://www.csr.gov.in/content/csr/global/master/home/home.html



Source: https://www.csr.gov.in/content/csr/global/master/home/home.html

Year wise Data showing number of Companies reported CSR Spending in Aurangabad

Financial year	Number of companies reported CSR Spending	Total Amount Spent (in Crore)
2014-15	NA	NA
2015-16	NA	NA
2016-17	NA	NA
2017-18	NA	NA
2018-19	77	18.68
2019-20	106	66.69
2020-21	122	73.46
2021-22	159	94.39
2022-23	212	120.76

Source: https://www.csr.gov.in/content/csr/global/master/home/home.html

Based on the above data templates and table, it is evident that **Maharashtra** is the dominant recipient of CSR funds, receiving approximately **₹24,000 Cr+**, far ahead of every other state. Aurangabad District stands at seven number in the state in spending CSR. Data shows that Balkrishna Industries Limited is the largest contributor among the top companies, spending **₹19 Cr**, significantly ahead of the second-ranked company. The CSR landscape shown here is characterized by strong growth, significant concentration in Maharashtra, and leadership from manufacturing and industrial companies. Funding volumes are substantial and increasing.

Key Areas of CSR Activities in Chhatrapati Sambhajinagar[19]

- **Education and Skill Development:** Many companies in Chhatrapati Sambhajinagar support local educational institutions, offering scholarships, infrastructure development, and mentorship programs. This includes donations for school supplies, funding to build schools, and support for vocational training programs. With the rise of industrial activity, there's an increased demand for skilled labor. Some companies invest in skill development initiatives for the youth, focusing on enhancing employability in industries like textiles, hospitality, and

[19] https://thecsrjournal.in/top-csr-aurangabad-maharashtra-india/

manufacturing.

- **Health and Healthcare Initiatives:** Several companies in the region have contributed to the improvement of healthcare facilities. Initiatives range from setting up medical camps, funding hospitals, and donating medical equipment to supporting awareness programs on health issues such as sanitation and hygiene. Companies often sponsor or organize blood donation camps, vaccination drives, and awareness programs, especially in rural areas surrounding the city.

- **Environmental Sustainability:** As an industrial hub, Chhatrapati Sambhajinagar faces environmental challenges, especially related to waste disposal and pollution. Companies like those in manufacturing and textiles are now engaging in sustainable practices such as waste-to-energy projects, recycling programs, and reducing carbon footprints. Water scarcity is an issue in several parts of Maharashtra. CSR initiatives are focused on promoting water conservation and rainwater harvesting, as well as improving water access in rural areas. Several companies have adopted green technologies in their production processes and have made investments in renewable energy sources, such as solar power, to reduce their environmental impact.

- **Community Development:** Companies, especially those with manufacturing units in peripheral areas of Chhatrapati Sambhajinagar, have been involved in rural development initiatives. These include building infrastructure like roads, sanitation facilities, and community centers. CSR programs aimed at empowering women through skill development, self-help groups, and microfinance initiatives are also notable in this region. Women's empowerment projects focus on economic independence and reducing gender-based disparities in the workplace.

- **Disaster Relief and Crisis Management:** Given the risk of floods, droughts, and other natural disasters in the region, many companies actively participate in disaster relief efforts. These efforts include providing monetary support, goods like food and clothing, and even setting up emergency shelters during times of crisis.

- **Sports and Culture:** Companies in Chhatrapati Sambhajinagar are increasingly focusing on the promotion of sports. They sponsor local sporting events, build sports infrastructure, and provide financial support to young athletes. Since the region is rich in historical and cultural heritage, some companies contribute to preserving the local culture by supporting festivals, events, and heritage conservation efforts.

CONCLUSION:

CSR practices by companies in Chhatrapati Sambhajinagar are crucial for the socio-economic development of the region. By focusing on education, healthcare, environmental sustainability, community development, and disaster relief, companies can make a significant positive impact on both the urban and rural areas. However, challenges such as coordination, transparency, and rural access need to be addressed to improve the effectiveness of CSR initiatives. Given the region's industrial potential, there is a clear opportunity to align CSR practices with the long-term development goals of the area, enhancing both corporate reputation and the quality of life for local communities.