

3 Tier CSR Model: A comparative study of Rajasthan and Gujarat Model

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Abstract: The idea of Corporate Social Responsibility has evolved over the years. It is today considered as a crucial piece of the strategic business of large corporations. CSR is a method for leading business, which makes corporate entities socially responsible residents, visibly contributing to the social good. Socially responsible companies do not limit themselves to using economic, environmental and social objectives with the company's operations and growth. An alternative synonymous of CSR is people, planet, and profit also known as triple bottom line.

The government of India has also enhanced its focus on persuading companies to participate in addressing social and developmental issues, not only as a part of their social responsibility but also their business practices. As part of the Companies Act 2013, companies are required to spend 2% of their three-year average annual net profit on CSR activities each financial year. Government attaches due importance to the welfare activities for the well-being of its people. In this regard, a need has been felt for optimal utilization of the CSR funds and initiatives, through facilitating both the Public and Private Sector Companies in relation to carrying out their CSR activities. As per estimates, Rajasthan receives about Rs 1,200 crore annually as part of CSR activities. Secondary Research on comparative study has been done between Rajasthan and Gujarat on the basis of number CSR projects in Education, Women Empowerment, Rural Development, Health care, National Heritage, Environment Sustainability, and Sports.

The finding was that CSR fund flow in Gujarat and Rajasthan are Almost Same still CSR projects in Rajasthan are less than in Gujarat which directly or indirectly affects the state's growth and development. Literacy rate was one of reason which result into less CSR projects in Rajasthan than Gujarat.

Keywords: CSR, 3 Tier Model, PPP Model, CSR Rajasthan

What is Corporate Social Responsibility?

Corporate Social Responsibility (CSR) is a concept, which states that Private Corporation or public organization has a responsibility to society. It minimizes the cost as well as risks thereby, increasing the brand value and reputation of the company. CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society. The CSR activities need to be in tune with effective strategic policies so that the aim of sustainable environmental, social and economic progress may be achieved

Corporate social responsibility may also be referred as "corporate citizenship" and can involve incurring short term costs that do not provide immediate financial benefits to the company, but instead promote positive social and environmental change

CSR is the process by which an organisation think about and evolve its relationship with stakeholders for common good and demonstrate its commitment in this regard by adoption of appropriate business process and strategies. Thus CSR is not charity or mere donation. CSR is a way of conducting business by which corporate entities visibly contributing to social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profit. they use CSR to integrate economic, environmental and social objectives with the company's operations and growth

APPLICABILITY OF CSR





(Govt. of Rajasthan, n.d.)

CSR & Sustainability' Activities, as per SCHEDULE

VII :

Stage 1: for Board's Just Starting out**Stage 2: for Board's Ready to Take Car to Next Level**

(Rajasthan Government, n.d.)

CSR PLANNING AND STRATEGIZING

CSR PROCESS



(Govt. of Rajasthan, n.d.)

Step By Step Explanation Of CSR Planning And Strategy Process (Purpose, Process And Activities)

While developing these processes, no standard set of recommendations exist for all companies. However, an overview of the required details, the activities required to be completed for each of these processes along with some additional guidance on critical issues has been provided below:

Step one: Developing a CSR strategy and policy

CSR methodology refers to what the organization hopes to accomplish in the following three to five years and consolidates the vision, mission and objectives on a more extensive level.



(Govt. of Rajasthan, n.d.)

Step two: Operationalising the institutional mechanism

Step three: Due steadiness of the usage accomplish

Step four: Project development

Step five: Project approval

Step six: Finalising the arrangement with the implementing agency

Step seven: Progress monitoring and reporting

Step eight: Impact measurement

Step nine: Report consolidation and communication

BENEFITS OF CSR



(Rajasthan Government, n.d.)

CSR and SMEs

While the quantum of income available for CSR with individual SMEs is relied upon to be little, all qualified organizations in a particular geographical group, who single handled as well as collectively impact the same community, can pool their resources to create a sizeable CSR fund.

WHY SMES COLLABORATE FOR CSR INITIATIVES AND ITS ADVANTAGES

There is a choice of undertaking cooperative CSR exercises by SMEs and this joint effort can likewise be utilized by different organizations to expand the effect of their CSR activities while reducing the operational costs for fund management.

Coordinated effort has the accompanying points of interest:

- Decreases operational cost
- Empowers undertaking of long term extends
- Gaining from experiences
- Promoting Education
- Sports
- Rural Development
- Environmental Sustainability
- PM Relief Fund and Others
- Women Empowerment
- Poverty Alleviation, Healthcare and Wash

ROLE OF GOVERNMENT

The main thrust and spirit of the law is not to monitor but to generate conducive environment for enabling the corporate to conduct themselves in a socially responsible manner, while contributing towards human development goals of the country. The existing legal provisions like mandatory discloses, accountability of CSR committee and the board, provision for audit of the accounts of the company etc. Provide sufficient safeguards on this regard. Government has no role in monitoring implementation of CSR by companies.

Government actions are essential for creating an enabling environment for private sector development that diminishes risks, lowers costs and barriers of operation, and raises rewards and opportunities for competitive and responsible private enterprises. Some key parts which an administration can effectively choose to engage a CSR

- (i) Regulating
- (ii) Facilitating
- (iii) Brokering
- (iv) warranting

INITIATIVES BY GOVERNMENT

The following area presents a few activities which consolidate a portion of the different roles that government may undertake to raise the CSR profile of a nation.

- (i) Creating an empowering situation
- (ii) Creating mindfulness and raising open support
- (iii) Establishing a specific CSR agency
- (iv) Reforming regulatory frameworks to meet CSR related standardss
- (v) Fostering interaction with businesses, NGOs and other key stakeholders

3.1 Research Methodology

Research refers to diligent and systematic inquiry or investigation into a subject in order to discover or revise facts, theories, applications etc. **Methodology** refers to a system of broad principles or rules from which specific methods or procedures may be derived to interpret or solve

different problems within the scope of a particular discipline. Thus **Research methodology** refers to procedures used in making systematic observations or otherwise obtaining data, evidence, or information as part of a research project or study. The process started with the selection of the topic. The Observation, knowledge and interest on the topic helped in finalize the topic. The theories and the literature were being used to support the research. On the basis of the literature work the problem and the findings were developed

3.2 Data Collection

The Topic for the Research Study is Study on CSR initiative by Rajasthan Government a Comparative study with Gujarat. There is a great deal of argument regarding the methodology to be used in the study of Corporate Social Responsibility. However the source of information is gathered through primary and secondary data

The Secondary data are collected from corporate responsibility disclosure and accounting by various companies' annual reports, Articles, Government sites, online sites, various business journal, books, magazine, bibliography and references are attached as annexure.

The Primary Data are collected with the help of following method

Observation: During the Interview session various things were observed like government of Rajasthan wants companies to take more and more CSR initiative and for that they are planning to give some monetary benefits like tax deductions, subsidies and CSR promotion activities. It was also been observed that the officers were very interactive and supportive they were ready to share all the possible information they have the only problem faced over there was they were hesitant to share the financial data

Interview: For the purpose of this research in depth interview method was used. In depth interview are personal and unstructured interview whose aim is to identify persons emotions, feelings, opinions regarding a particular research topic.

As far as the information gathering tools are concerned, the conduction of research includes the utilization of semi structured questionnaire which was utilized as a meeting guide for the researcher. A few questions were prepared, so that the researcher can have a guide during the interview, but additional questions were made countered during the interview.

Data received from various sources first and then combined it in different groups and tables according to the requirements of the study.

Objective of the Research

- *To Study what Corporate Social Responsibility is?
- *To study the role of Government in Corporate Social Responsibility?
- *Comparative study on Rajasthan and Gujarat State on the basis of their CSR?

Review of Literature

The idea of CSR is one of the key moral and good issues which corporate Basic leadership and conduct is encompassed (Branco & Rodrigues, 2006) As a business idea, corporate social duty (CSR) has risen in the late years of (Branco & Rodrigues, 2006) the twentieth century, when a developing number of organizations begun to consider the effects of corporate choices on society and the earth. All in all, CSR alludes to the commitments of firms to society, all the more especially, alludes to the commitments to partners and the individuals who convince corporate strategies and practices.

As per Carroll (Carroll, 1991) CSR comprises of four components spoken to as a pyramid, whose top is a charitable, trailed by legitimate, financial and social duty to the base.

(Federick, 1994) Distinguished corporate social obligation as an examination of organizations' obligation to work for social advancement and alludes this to as CSR1.

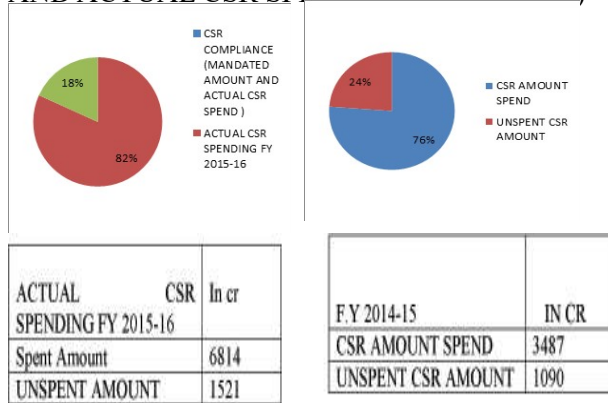
(Federick, 1994) Distinguished corporate social obligation as an examination of organizations' obligation to work for social advancement and alludes this to as CSR1.

Moon (Matten & Moon, 2004) (2004)18, paper inspected the part of government in driving corporate social duty among the corporate. The review illustrated that the drivers of CSR are connected with business and society.

As (Porter & Kramer, 2006) 27 CSR is identified with the fuse of reason capable approaches in corporate methodology, culture and every day basic leadership, successively to address the issues of partners. This is identified with the formation of organization procedure and effective brands (Wether and Chandler 200428)

DATA ANALYSIS

CSR COMPLIANCE (MANDATED AMOUNT AND ACTUAL CSR SPEND IN RAJASTHAN)

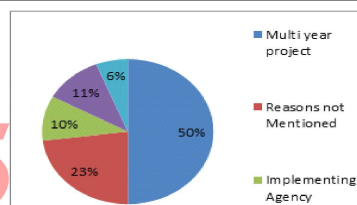


The amount of CSR mandated is increased by 6.76 % and CSR spent is increased by 18.38% in F.Y 2015-16

Indian corporate is now reacting like a mature guardian. They have broken the trend of not spending and are more interested towards social responsibilities in comparison to last year.

During research it was found that the reason behind companies of not investing were because of any of these four reasons

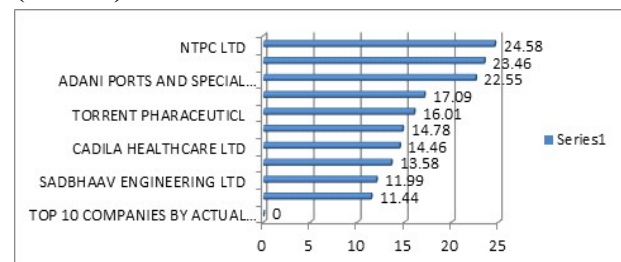
1. Multi year project 50%
2. Reasons not mentioned 23%
3. Implementing agency not found 11%
4. Delay in implementation 10%
5. Couldn't identify suitable project 6%



RAJASTHAN	No. of Companies	%
more than mandated CSR spend	118	35%
exactly mandated csr spend	42	15%
70-99.99	51	15%
30-69	56	17%
less 30	18	5%
data not available	49	15%

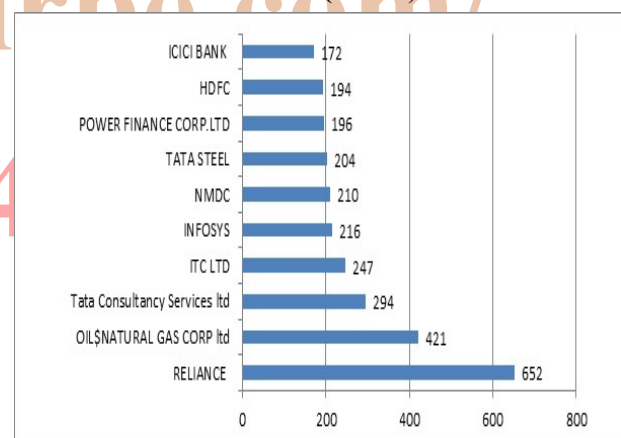
“Here we can see that majority of the companies are spending more than the mandated amount, which can help the state to work on their projects as fund would be available for proper implementation of projects”.

TOP 10 COMPANIES BY ACTUAL CSR SPEND (IN CR.) IN GUJRAT FY 2015-16



“Top companies to invest in Gujarat are NTPC, RELIANCE INDUSTRIES and these companies are investing more into Health care, Rural development, Education”.

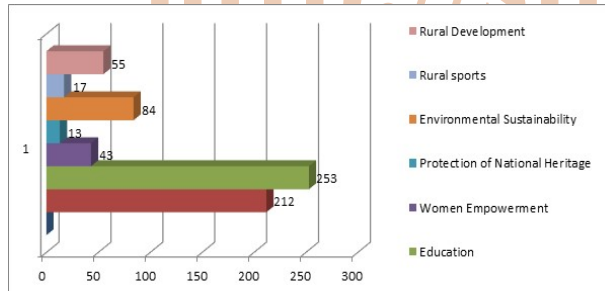
TOP 10 COMPANIES BY ACTUAL CSR SPEND (IN CR)



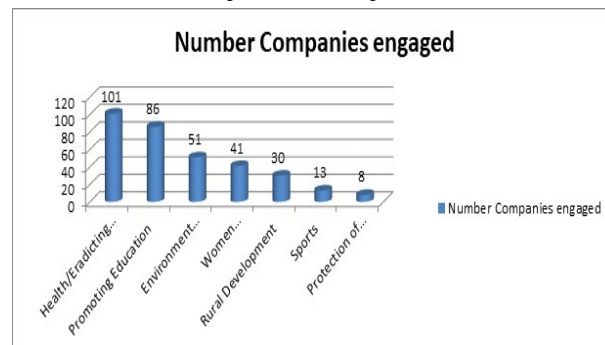
“Top companies which are investing more in Rajasthan are RELIANCE, ONGC, TATA CONSULTANCY And these companies are more into health care, education and rural development”

COMPARATIVE ANALYSIS BETWEEN GUJRAT AND RAJASTHAN ON THE BASIS OF NUMBER OF PROJECTS RUNNING IN THE RESPECTIVE STATE

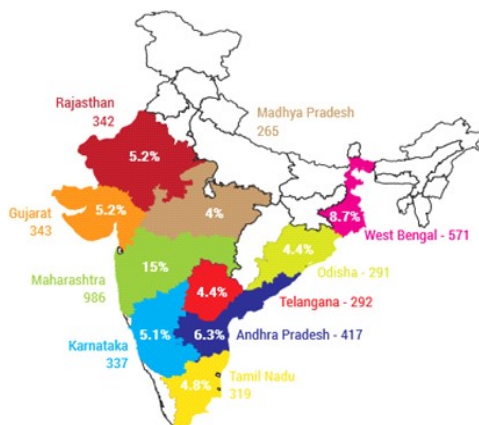
GUJARAT PROJECTS



Rajasthan Projects



Geographic Distribution of CSR Fund
Top 10 States (CSR Fund Flow-wise-INR Cr.)



States	Spending profile (% of profit) of companies			
	2% and above	1.5% and above	less than 1.5%	less than 1%
West Bengal	57%	68%	32%	21%
Gujarat	56%	67%	34%	26%
Uttar Pradesh	57%	67%	32%	24%
Tamil Nadu	62%	66%	34%	34%
Haryana	62%	65%	35%	19%
Maharashtra	48%	65%	34%	27%
Telangana	51%	60%	39%	28%
Karnataka	51%	59%	41%	29%
Rajasthan	48%	58%	42%	28%
NCT of Delhi	43%	57%	43%	29%
Rest of India	38%	49%	50%	35%

(Crisil Foundation, 2016)

ANALYSIS AND INTERPRETATION HEALTH CARE

*Infant mortality rate in Gujarat is reduced from 48 to 38 /1000 live birth

*Infant mortality rate in Rajasthan is reduced from 59 to 49/1000 live birth

State- wise Under-five mortality Rate per 1000 live birth

*Gujarat: 61 to 48

*Rajasthan: 74 to 59

The maternal mortality rate in Gujarat have increased from

72 to 85 /100000

In Rajasthan MMR are 212 to 178 /100000

we can see that IMR rate in Gujarat is decreasing as compared to Rajasthan whereas MMR rate of Rajasthan is better than Gujarat which means that Gujarat need to focus more to decrease the rate”

EDUCATION RAJASTHAN

Rajasthan literacy rate is 66.11% as per census 2011

The male literacy rate was 79.19% however the female literacy was 52.12%.

The literacy rate of rural males was 76.16% and that of rural females was 45.8%

The literacy rate of urban males was 87.91% and that of urban females was 70.73%

Male literacy rate: 80.51%

Female literacy rate: 52.66%

(Central Government of India, n.d.)

GUJRAT

As per details from census 2011, Gujarat Literacy rate 79.31%

Gujarat has population of 6.04 Cr

Literacy rate for males had gone up to 87.23% while for females it was 70.73%.

(Government of Gujarat, 2014)

“As per the graph it is very clear that Gujarat is emphasizing more on providing education as compare to Rajasthan and because of low literacy rate in Rajasthan it is facing major problems like progress and development of the state”.

WOMEN EMPOWERMENT

Employment Rate

Gujarat women employment rate – 30%

Rajasthan women employment rate-27%

Literacy rate

The female literacy in Gujarat is 70.73%

The female literacy in Rajasthan is 52.66%

Rate of assault on women

In Gujarat: 2.62 per 100,000 populations

In Rajasthan: 7.10 per 100000 populations

“From the above percentage we can very well figure out that employment rate, literacy rate and assault rate on women is low in Gujarat as compare to Rajasthan. Therefore more projects should be initiated in Rajasthan so that they can control on these sensitive issues”.

Project on national heritage, art and culture

“By the graph it is clear that 13 projects have been initiated in Gujarat and only 8 has been initiated in Rajasthan. And if we look into the history of India, Rajasthan has more national heritage then Gujarat. So Rajasthan needs to start more projects on promoting art/heritage and culture”.

Environment Sustainability Ranking

Jammu & Kashmir	48.73	17
Goa	45.16	18
Madhya Pradesh	43.01	19
Maharashtra	37.28	20
West Bengal	35.72	21
Tamil nadu	33.75	22
Andhra Pradesh	32.55	23
Rajasthan	26.52	24
Haryana	25.59	25
Uttar Pradesh	21.40	26
Gujarat	10.46	27
Punjab	0.00	28

By the above index we can see that Gujarat is at the alarming position and condition of Rajasthan is also not good so both the states need to start projects on environment stability

Project on sports

“If we compare both the states, Gujarat is emphasizing more on sports then Rajasthan as they are conducting 17 projects to promote sports in their states, but Rajasthan has only 13 projects. So they need to initiate more sports related projects and motivate young talent to participate in sports.

Rural Development

“In Gujarat urban population of the State is 42.6%, rural population is 57.4% whereas in Rajasthan urban population is 23% and rural population is 77%. As per the above data we can very well see that rural population of Gujarat is lower than Rajasthan but still they are having more number of projects. Therefore, Rajasthan should give more emphasis on their rural development and start more projects”.

OBSERVATIONS:

- As per the analysis of annual report (FY 2015-16) of companies, Rajasthan is one of the top states which received maximum CSR spend.
- Un-spent decreased and participation of corporate increased.
- Reliance industries, ONGC, TCS are the biggest contributor in actual CSR spends in Rajasthan.
- In Gujarat ONGC, RELIANCE, and ITC are the biggest contributors in CSR spending.
- Gujarat is into more CSR activities than Rajasthan.
- In both the states CSR spending preferred areas of companies are promoting education health care and rural development.
- Annual reports of many companies are not available in the public domain.
- CSR reporting in annual report is not much clear and not as per the companies act 2013.

- Prescribed CSR budget increased by 6.76% from FY 2014-15 to FY 2015-16.
- 35% companies have spent more than mandated CSR amount 13% companies have spent exactly mandated CSR amount.
- 37% companies didn't spent mandated CSR amount completely.
- There are many small industries that have spent more than their mandated CSR limit like Indian metals and Ferro alloys, Fortis hospital, Allcargo logistics ltd, Shobha developer's ltd.
- Major reasons behind not spending whole mandated CSR amount are multi-year's project and delay in implementation.
- CSR should not be interpreted as the source of funding government schemes.
- Joining efforts across sectors can lead to more efficient solutions to social problems that are a concern to both companies and governments.

Conclusion

It can be concluded that in Gujarat and Rajasthan there is same amount of CSR fund flow still Gujarat is having more projects of CSR in comparison to Rajasthan, reason behind can be the literacy rate in Rajasthan as it is as compared to Gujarat because the progress made in this sector is very slow which is directly related to the health and infant and development of the state. Lack of education means lack of awareness because of that people are unaware of their rights about various projects which is implemented for their welfare and growth. It is possible that as Gujarat is an industry hub as compared to Rajasthan so it can also be a reason for having more projects in Gujarat than Rajasthan. As per the research it is been seen that rate of literacy can be one of the main reason for the backwardness of the state as compared to Gujarat.

Suggestions

- Companies need to improve on their CSR disclosure to attract foreign investment
- National campaigns that raise awareness about CSR issues Government funds made available to the private sector for the implementation of CSR programs
- CSR seminars for managements
- Tax reduction
- Government can make it Mandatory for Male and Female Education.
- Mid day Meal Scheme should be made compulsory in government or csr established schools.
- People below poverty level should be given some small amount of money if their children go for higher studies.

Limitations of the Study and Further Scope of Study

- Availability of secondary data from websites of the companies were difficult
- Government officers were hesitant to share data.
- Management may not like to share their views on the topic.
- Time, cost and location factors become major difficulties in completion of research.
- There is possibility of some error to a limited extent. However, to overcome the limitations and maintain the effectiveness of research work sincere efforts were put.
- Further research may expand its scope in terms of taking more states for comparison.
- Research can be done taking literacy rate as the reason for the development of the state or country.

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