

**EMERGING TRENDS IN CSR TOWARDS  
SWACHH BHARAT ABHIYAN – A STUDY**

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**Abstract**

Corporate social responsibility has changed its dimension from philanthropy to responsibility of enterprises resulting towards their impact on society. The social, environmental, ethical concerns of the enterprises through CSR are expected to achieve the vision of making the nation to reach socio economic and human empowered sustainable stage. Swachh Bharat Abhiyan, the flagship programme of the NDA-2 government has not only obtained the reputation as innovative program but also regarded as a milestone step in the process of making cleaner India. The recent mandate by the Government of India in the month of September, 2015 made extension in the existing CSR activities by including Swachh Bharat Abhiyan under the Schedule VII of the Companies Act, 2013.

The decision by the Government has opened the avenues for the corporate giants who fall under the purview of the CSR mandate to invest in the making of clean and hygiene India. In view of this emerging scenario, the present paper critically examines the emerging trends in CSR towards Swachh Bharat Mission (SBM) with special reference to public health and sanitation with reference to select companies. The paper also makes an investigation on the key areas under Swachh Bharat where the CSR investment would be better utilized and also makes insights on the problems and prospects in the implementation of CSR activities in Public Health and Sanitation. The paper is descriptive in nature. The study is based on secondary data sources pertaining to select companies and also the CSR reports, annual reports of select companies are also taken into consideration.

Key words: BPL, CSR, net profit, ODF, UNICEF

**1) CONCEPTUAL OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY**

Social Responsibility of business refers to what a business does over and above the statutory requirement for the benefit of the society. Ashraf Ali et al. (2012) opined “responsibility” emphasizes on the business to have some moral obligations towards the society. Corporate Social Responsibility, known as Sustainable Responsible Business, or Corporate Social Performance, is a form of corporate self-regulation integrated into a business model.

Corporate Social Responsibility refers to the strategies that Corporations or firms employ to conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. The European Council defines Corporate Social Responsibility as “the responsibility of enterprises for their impacts on society”. To completely meet the social responsibility, enterprises should have a process to integrate social, environmental, ethical concerns into their business operations and work out strategy in close collaboration with their stakeholders.

The WBCSD defines corporate social responsibility as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large”. UNIDO views corporate social responsibility as a process which integrates social and environmental concerns of business operations. Corporate social responsibility is generally understood as a way through which a company achieves balance in economic, environmental and social imperatives, while at the same time addressing the expectations of shareholders and stakeholders.

Corporate social responsibility has been extracted from several theories of management. Three theories especially contributed the base for CSR are Utilitarian theory which consider corporation as a part of the economic system aimed at profit maximization, managerial theory focus on corporate social performance, accountability and social responsibility and relational theory which states that, relations between the firm and the environment are at the center of the analysis. The aim of social responsibility is to create higher standards of living, while preserving the profitability of the corporation.

The modern concept of corporate social responsibility has evolved in 1960s as an attempt to link business with society. The underlying belief in this era was to utilize the resources in a socially responsible manner, i.e., the promotion of social welfare along with the economic development. Further, this period is dominated by mixed economy paradigm. In 1970s, CSR was identified from pure economical perspectives. In 80s and 90s, new concepts like stakeholder theory, corporate governance, and corporate social performance, corporate social innovation were recognized.. In the 21<sup>st</sup> century, a general attempt was made to establish the linkage among economic, legal, social and ethical standards so as to bring sustainable development.

## **2) CORPORATE SOCIAL RESPONSIBILITY MECHANISM IN INDIA**

CSR in India has traditionally been seen as a philanthropic activity. But, CSR activities by the companies have been made mandatory through the introduction of amendments in Companies Act, 2013. As per the Gazette notification of Ministry of Corporate Affairs, published on 27<sup>th</sup> February, 2014, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee consisting of three or more directors, out of which at least one director shall be an independent director.

Under sub-section (3) of section 134, the company shall disclose the composition of the Corporate Social Responsibility Committee and the committee shall formulate and recommend Corporate Social Responsibility Policy to the board which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and recommend the amount of expenditure to be incurred on the activities and monitor the CSR policy of the company from time to time. As per the clause 135 of Companies Act, provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. Further, if the company fails to spend much amount, the Board shall, in its report made under clause(o) of sub-section (3) of section 134, need to specify the reasons for not spending the amount.

Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2, having its branch office or project office in India which fulfills the criteria specified in sub-section (l) of section 135 of Companies Act,2013 shall comes under the purview of CSR initiatives and need to specify disclosure of CSR activities in its official website. The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India. The act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the Act.

## **2) EMERGING TRENDS IN CSR TOWARDS SWACHH BHARAT MISSION**

The NDA-2 lead government has made a significant step in the safe guard of public from the adverse affects of lack of sanitation. The announcement of present prime Minister Sri Narendra Modi on the initiation of Swacch Bharat Mission-Gramin (SBM-G) on 15<sup>th</sup> August 2014 has provided the need for the corporate to contribute to the government over clean initiatives. In a bid to invite corporate funds for its flagship schemes like the Swachh Bharat Mission initiatives the present government has announced that corporate spending in these schemes will be now counted as CSR spend.

It has gone ahead to include 'Swachh Bharat Kosh' and 'Clean Ganga Fund' in the schedule VII of the companies act. Government made the decision of 30% of CSR funding to be directed towards SBM mandatory. In the last two years, among all projects of the government the SBM has got the least amount of funding from private companies in 2014-15. Altogether Swachh Bharat Mission and Namami Gange campaign have received less than 1% of the total spending of Rs 6337 crores.

It is been estimated that Rs 1.96 lakh crore is required to make rural India Open Defecation Free (ODF). It is a fully subsidized project with zero beneficiary contribution. The government envisages a big role for CSR in the SBM (G). The government has recommended various ways in which the corporate can spend a part of their CSR funds such as creation of demonstration fields, undertaking IEC and BCC activities. The defined areas of interventions leave ample scope for the corporate sector to innovate and undertake a range of activities under CSR. Yet the overall spending on SBM (G) is far from satisfactory. During the period of 2014-15, companies falling under CSR mandate, have spent 42.16 crore towards Swachh Bharat Kosh to improve the cleanliness in rural and urban areas and this exactly equals to 0.67 percent of overall CSR spent by around 460 companies.

#### **4) CSR INITIATIVES CONTRIBUTING TO SWACHH BHARAT ABHIYAN**

In order to promote better human health and improve quality of life among people living in rural areas through improved sanitation measures with an aim to move towards Nirmal Bharat by 2022, including adoption and creation of Adarsh Gram (model village) for all types of Water and Sanitation activities which may include individual and community toilets and decentralized Solid and Liquid Waste Management projects, Menstrual Hygiene projects, Environmental Sustainability projects, rain water harvesting, water recycling and any other related activities. CSR activity may include providing all left out items (without duplication with Government ongoing /completed projects which should be certified) in sanitation, and water connection to toilets. So far, over 100 companies comprising 38 percent of public sector undertakings have carried 164 programs towards sanitation in the last 3 years. The report of Samhita, NGO on CSR in water, sanitation and Hygiene(WASH) has revealed that in the last years 90 companies have implemented 164 programs focusing on the sanitation crisis and in this, the Heavy Engineering and manufacturing companies complemented more.

Swachh Bharat Kosh (SBK) has been set up to attract Corporate Social Responsibility (CSR) funds from Corporate Sector and contributions from individuals and philanthropists in response to the call given by Honorable Prime Minister on 15th August, 2014 to achieve the objective of Clean India (Swachh Bharat) by the year 2019, the 150th year of the birth anniversary of Mahatma Gandhi through Swachh Bharat Mission. A nation-wide effort was started on Gandhi Jayanti 2nd October, 2014 to mobilize resources for improving sanitation facilities in the rural and urban areas, particularly, school premises.

Donations to the "Swachh Bharat Kosh", other than the sums spent for "Corporate Social Responsibility" under sub-section (5) of Section 135 of the Companies Act, 2013 are eligible for 100% deduction under section 80G of the Income-tax Act, 1961. This is applicable to the assessment year 2015-16 and subsequent years.

Out of the various subjects and activities indicated in Schedule VII of the Companies Act, 1463 crore rupees were spent on activities targeted at promoting Education, Vocational skills and livelihood enhancement. Eradicating Hunger, Poverty & Health Care was the next favourite with a spending of 1422 crore rupees. 1189 crore rupees were spent on Environment sustainability activities. Rural Development projects saw 724 crore rupees of spending. An amount of 42.6 crores was contributed to the Swachh Bharat Kosh and 15.5 crores to the Clean Ganga fund. A contribution of 125 crores was made to the Prime Minister's National Relief Fund (PMNRF). Further, the private sector has contributed 62.33 percent of total CSR investments.

The following table shows the sector wise CSR spent on various development activities in India.

**Table 1**  
**Sector wise CSR expenditure during 2014-15 period**

<b>Sl.No.</b>	<b>Sector</b>	<b>CSR Expenditure (in crores)</b>
1	Eradicating Hunger, poverty and health care	1421.7
2	Education/Vocational skills & livelihood enhancement	1462.6
3	Environment sustainability	1188.7
4	Rural Development	724.3
5	Art & culture	539.8
6	Sports promotion	454.9
7	Women/old age/children	219.3
8	PMNRF	125.3
9	Slum Development	114.1
10	Swachh Bharat Kosh	42.6
11	Other	28.5
12	Clean Ganga Fund	15.5

**Source: Report of Ministry of Corporate Affairs for the period 2014-15**

#### **5) KEY AREAS UNDER SWACHH BHARAT**

Some of the areas which are prescribed by Ministry of Water and Sanitation towards the initiatives that assist for the betterment of the sanitation in rural areas where the CSR investments can be allocated are presented below.

##### **a) INVESETMENTS IN CONSTRUCTION OF COMMUNITY TOILETS**

Community toilet with water connection and disposal pits (leach pits tanks, septic tanks etc.), and with toilets seats for men and women, bathing spaces, ramp for physically challenged, toilet for physically challenged, child friendly toilets, nappie changing room, creche, space for washing clothes etc. (the design can be varied as per local demand) could be implemented independent to Adarsh Gram.

##### **B) ADARSH GRAM IN TERMS OF WATER AND SANITATION**

All habitations, schools and Aganwaris within the jurisdiction of the Gram Panchayat to have individual and / or Community toilet facilities and access to water for drinking and sanitation. CSR activity may include providing all left out items (without duplication with Government ongoing /completed projects which should be certified ) in sanitation, and water connection to toilets

##### **C) MENSTRUAL HYGIENE**

Good menstrual hygiene is crucial for the health, education, and dignity of girls and women. CSR activity could cover production of sanitary pads and /or their safe disposal through incinerater etc. IEC and awareness and advocacy include training to householders, masons, plumbers at ground level in design and construction of toilets etc. including manufacture of local input materials.

## **D) IMPROVE SOLID AND LIQUID WASTE MANAGEMENT (SLWM)**

By assisting district administration in making ODF and SLWM strategy and action plans, management support to blocks/districts for triggering and construction activities, direct contribution of funds to district as incentive for toilet owners. Providing incentivize volunteers for triggering of behaviour change in villages/blocks/districts, organizing and sponsor trainings for collective behaviour change in the village/blocks/districts and organizing large collective behaviour change events at village/block/district level. Assisting in construction of material for toilet construction and SLWM to villages/districts and sponsoring Swachh Bharat Fellows to work with district teams.

## **6) PROBLEMS AND PROSPECTS IN THE IMPLEMENTATION OF CSR TOWARDS PUBLIC HEALTH AND SANITATION**

The lack of proper sanitation, water and hygiene practices have been causing serious impact on the society in terms of people's health, progress of children in education and thus their contribution to economy. The communicable diseases including diarrhea, malnutrition have been rooting from pollution of soil and water. Such problems resulting in serious impact on health-risks for especially those people residing in such areas. The water borne diseases sourcing from ponds, streams and river banks have also been rising rapidly due to open defecation in those areas. It is been estimated that over 50 percent of the Indian population have been practicing open defecation in the country.

The reports of WHO and UNICEF have proved that more than 620 million people have been practicing open defecation inherited from the beliefs of parents to children. The poor sanitation measures in India has been a bad remark over cleanliness in India and this has caused almost a deficit of 67.30 percent of access to toilet facilities. Since the majority of the rural people lacking sanitation in rural India due to their economic status, the poor sanitation affecting the nation with almost 1500 children dying every day from diarrheal diseases, 5 of the 10 top killer diseases of children aged 1-14 in rural areas are related to water sanitation. Further, close to 50 percent of the school going children in rural areas do not reach class V due to lack of water and sanitation.

Despite the growth in sanitation in urban areas from 50 percent in 1990 to 60 percent by 2011, the rural areas have witnessed from 7 percent in 1990 to 24 percent in 2011 ( WHO & UNICEF JMP Report). The overall records have shown that the nation has risen the proportion of sanitation from 17.8 percent in 1991 to 35.1 percent in 2011.

Some of the reports showing the facts of sanitation in India are:

- a)** Hutton,G(2012) study on sanitation concluded that for unit of money invested on sanitation gives a return of 5.5 times.
- b)** The WSP Report on Economic impacts of Inadequate sanitation in India estimated that inadequate sanitation in India costing 2.4 trillion per year equivalent to 6.4 percent of its GDP. Further, the lack of sufficient sanitation facilities in India causing the economic losses of US\$3.8 billion a year.
- c)** DASRA report, 2012 has recorded that 45percent of health effects will be averted and this may provide 11 percent more girls to attend schools and avoid other adverse impacts may result in gaining 1.5 trillion in the process.
- d)** 6.4 percent of GDP can be saved through improving sanitation measures.
- e)** The solid wastage cost 0.3-0.4 million metric tons per day and this include organic and recyclable and further, the liquid wastage weighted around 18000 million liters per day.
- f)** Close to 88% of the total disease load in rural areas is due to lack of clean water and sanitation and due to improper solid and liquid waste management
- g)** Total fund mobilised under the SBK as on January 31, 2016 stood at Rs 369.74 crore. Companies contributed more than Rs 42 crore towards SBK as part of their CSR activities in 2014-15.

With regard to problems and prospects, the present share of corporate towards Swachh Bharat khosh is very marginal and the major problem for the implementation is lack of interest and knowledge of corporate towards this noble cause. Another problem which has been observed is the amount spent on other activities including rural development, health and hygiene are matching with the areas covered under swachh bharat in rural areas. Further, the corporates are more concerned on taking the support of NGO for the amount spent and this may be one of the reasons that corporate have no clear vision on providing maximum contribution to the mission of swachh bharat.

Further, many companies covered under CSR margin has their own CSR projects which could have been one of the reasons for lack of spending towards swachh bharat. With regard to prospects, the diversion of unspent CSR funds towards Swachh Bhart Kosh will lead to great support to the vision of swachh bharat. The decision of Department of Public Enterprises towards implementation of depositing the unspent CSR funds in swachh bharat kosh estimated to provided 1000 crore and this would provide greater support for the implementation of Swachh Bharat Abhiyan.

## **7) CONCLUSIONS AND SUGGESTIONS**

Swachh Bharat Abhiyan is one of the greatly appreciated efforts of the government in providing the clean India in the targeted time. Since, government has been crafted various measures for the required financial support for the execution of swachh bharat Abhiyan, there is still a lot to be made in the efficient management of funds. The Corporate Social responsibility provisions under various sections and amendments have provided the needy support of financial assistance. It is been a clear witness that the contribution of companies under CSR mandate limit towards the initiatives of Swachh Bharat Abhiyan are very meagre.

There is a clear need for tremendous support in order to have a cleaner India. Further, the corporates need to maintain its own framework under CSR for the better spending on the campaign. Various avenues under Swachh Bharat Abhiyan provide the sources of spending for the companies through CSR contribution. The CSR activities which are framed by the companies need to be assessed and depending on the importance and the need, the core activities of the companies under CSR initiatives must be reframed and due importance must be given to nation building programmes like Swachh Bharat Abhiyaan.

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