

An Assessment of Corporate Social Responsibility: Case Study of a Sonalika Motors

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Abstract: Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public. CSR is a very broad concept that addresses many and various topics such as human rights, corporate governance, health and safety, environmental effects, working conditions and contribution to economic development. Whatever the definition is, the purpose of CSR is to drive change towards sustainability. CSR is not a new concept. Philosophers such as Kautilya from India and pre-Christian era philosophers in the West preached and promoted ethical principles while doing business. This study aims at analyzing the corporate social responsibility activities of Sonalika group in Punjab, a company that does not have its presence only in India, but also in abroad. It aims to figure out if the company adds quality value to the society as it strives to achieve its vision. The study will be based on primary and secondary data that will be collected by visiting the company and from various websites and journals.

Index Terms: Sonalika, CSR, Nation, Wealth

I. INTRODUCTION:

As said by Ratan Tata, “Businesses need to go beyond the interests of their companies to the communities they serve” in today’s scenario of growing population and limited resources where everyday new challenges emerge in the society, this statement becomes very relevant. In 1776, Adam Smith in his book, "An Inquiry into the Nature and Causes of the Wealth of Nations" referred to corporates as the ‘invisible hands’ and explained that how corporates can make direct or indirect benefits to the society through their activities for its betterment even if those activities are meant for the self interest of the firms. Also Gandhi ji envisaged firms as temples of modern India[6].

Howard Bowen was first to define the Corporate Social Responsibility (Carroll, 1979) and hence is rightly known as the Father of CSR. He defined CSR as “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” (Hamidu, 2015) [1]. After that a number of scholars debated on the topic and tried to give different definitions of Corporate Social Responsibility[2]. In the present Scenario prominent economic and development bodies have given widely quoted definitions of CSR.

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According to World Bank: “Corporate Social Responsibility (CSR) is often defined as corporate responsibility, corporate citizenship, social enterprise, sustainable development, triple-bottom line, corporate ethics, and in some cases, corporate governance[3]. What binds these terms together is the expectation that corporates (private and public enterprises alike) behave ethically vis-à-vis a broad group of stakeholders - workers and their families, communities and the wider society.” World Economic Forum has defined CSR as:

“The concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly, 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...” (CSR Summit 2013: An Agenda for Inclusive Growth).

Sonalika International Tractors limited is currently the third largest tractor selling company in the country[16]. It was established in 1996 and today it has gained the reputation of being the top tractor brand in Bangladesh, Nepal, Myanmar and Algeria. Sonalika ITL is pledged to its core values of serving the farming community with full dedication and deliver quality, the company endeavors to build a rapport on the basis of faith and advocates team work and innovation among its employees.

The company is concerned with gaining the trusts of its stakeholders that includes its employees, farmers, business associates etc. and it has been giving a try to newer concepts and plans to satisfy the forthcoming challenging requirements

II.OBJECTIVES:

1. To broadly overview CSR in Indian context.
2. To analyse the CSR of Sonalika in years 2014-15, 2015-16, 2016-17
3. To overview the CSR activities of Sonalika in environmental and social development.

III.METHODOLOGY:

For this study both primary and secondary data have been considered. Secondary data available at various websites, in government publications, in monthly newsletters and annual reports of the firm has been used. For economic data the time period is taken as 2014-2017 due to availability of

data of that period on Reliable sources. Also some of the recent newsletters have also been reviewed to examine the current trends[7]. To see the impact on stakeholder's side regarding 'Clean and Green initiative' primary data has also been collected from a survey as discussed later. In this survey out of 34 colonies 3 were visited and in each society 15 houses were visited both based on convenience. Data was collected by interviewing one of the members available per house on basis of their responses to previous questions.

A. CSR in India

Although it has been academically recognised recently concept of CSR is not new in India. CSR in India did not emerge as a revolution instead it has undergone evolution [5].

B. Guidelines and legislations

National Voluntary Guideline on CSR, 2009:

These guidelines were meant to provide guidance to the companies to invest in a proper way and in specific sectors that require prior attentions. [17]Ministry of Corporate Affairs launched guidelines for firms to partner with local authorities and NGOs and form policy covering following core elements:

- a. Care for all Stakeholders
- b. Ethical functioning
- c. Respect for Workers' Rights and Welfare
- d. Respect for Human Rights
- e. Respect for Environment
- f. Activities for Social and Inclusive Development. (India Corporate Week)

National voluntary Guidelines on Social, Environmental and economic responsibilities of Business, 2011:

These guidelines were launched and covered broader area than the previously launched guidelines. These guidelines were based on the principles of:

- a. Ethics, transparency, accountability
- b. Safe and sustainable goods and services
- c. Well-being of employees
- d. Responsiveness to all stakeholders
- e. Promoting Human rights
- f. Protecting the Environment
- g. Responsible policy advocacy
- h. Supporting inclusive development
- i. Providing value to customer

Companies Act, 2013:

Section 135 of Companies act, 2013 made it mandatory for the companies to spent 2% of their three-year average annual Profit after tax in CSR activities. The companies that come under this ambit should have at least:

- Rs. 5 cr. net profit or
- Rs 1,000 cr. turnover or
- Rs 500 cr. net worth

This legislation came into effect since April1, 2014 and on that India became the first country in the world to have mandatory legislation regarding CSR[8][9]

C. CSR activities in India:

In India the firms are involved in CSR activities since pre-independence era. For e.g. Bajaj group is implementing CSR through its various trusts like International Sarvodaya Centre – Vishwamedam (1960), Jammalal Bajaj Foundation (1976), Group Trusts for Colleges (1914), Bajaj Science Centre (2007). ONGC is implementing its CSR policy by spending on education infrastructure, providing scholarships, health care etc[10].

Sector wise overview of CSR in India:

following are the various sectors under which the government of India has broadly categorised CSR activities:

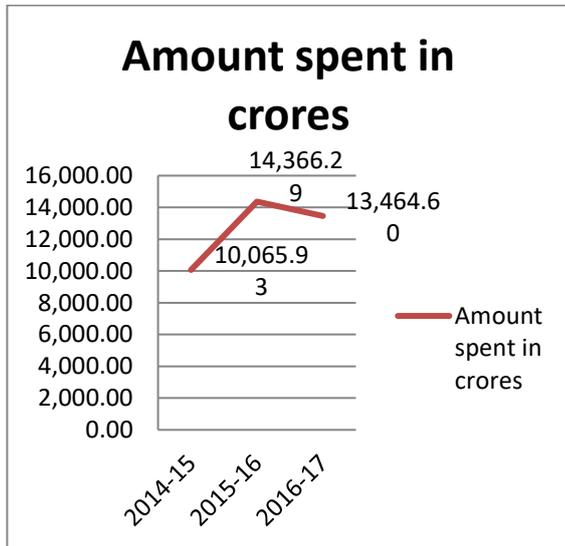
- Clean Ganga Fund
- Education, Differently Abled, Livelihood
- Encouraging Sports
- Environment, Animal Welfare, Conservation Of Resources
- Gender Equality , Women Empowerment , Old Age Homes , Reducing Inequalities
- Health, Eradicating Hunger, Poverty And Malnutrition, Safe Drinking Water , Sanitation
- Heritage Art And Culture
- Prime Ministers National Relief Fund
- Rural Development
- Slum Area Development
- Swachh Bharat Kosh

D. CSR in India(in figures)

Year(2014-15)-Total amount spent on CSR in India in year 2014-15 is 10,065.93 cr. From the figure it is clearly evident that highest amount of money is spent in Health, Eradicating Hunger, Poverty And Malnutrition, Safe Drinking Water , Sanitation sector.

Year: (2015-16)- Total amount spent on CSR for year 2015-16 is Rs. 14,366.29 cr. And largest contribution is to Education, Differently Abled, Livelihood sector. Amount spent in this year is almost 42% more than the previous one.

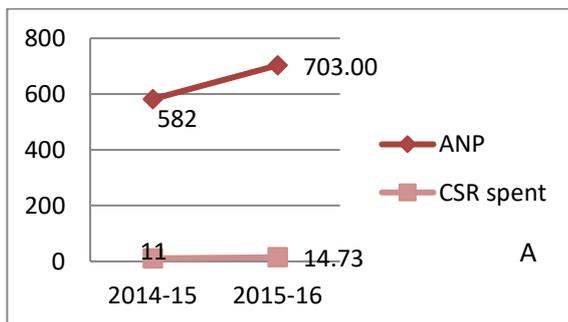
Year: (2016-17)-Total amount contributed to CSR in year 201617 is Rs.13,464.60 cr. And highest fraction is contributed in the sector of Education, Differently Abled, Livelihood again. But this year the total amount spent decreased as compared to 2014-15.



Source:National CSR Portal

E. CSR by Sonalika

Sonalika ITL is involved in CSR activities much before the government of India made it mandatory for corporates to spend 2% of their PAT to be spent in CSR activities. But their proper official records are not available. After 2013 the account of their CSR activities is available and hence analysis of activities is give ahead. Following is the comparison of their Annual Net profit.



Source:National CSR Portal

For the Financial years 2014-15, 2015-16, 2016-17 the areas identified by CSR society of sonalika are as follows;

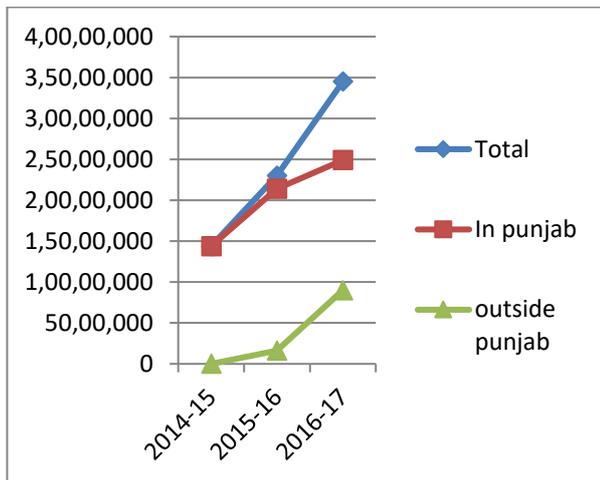
- Environment sustainability (clean and green initiative, HSP, I love HSP)
- Flora and fauna

- Setting up hostels and education for children
- Day care centres for senior citizens (Sanjivnisharnam in HSP and Jeevnutsav in Delhi)
- Rural development (Adoption of villages)
- Rural sports development (Development of shooting range)
- Preventive health and medical aids (Distribution of medical aids)
- Support to education and social welfare institutions
- Skill development (HSP I SEWA to train basic service providers)
- Support to armed forces welfare scheme
- Safe drinking water and sanitation (Swachh Dhara in Delhi)
- Sanitation mission for toilets
- Animal welfare
- Support to handicapped through red cross HSP
- Support to provide houses to needy
- Support for mass marriage

The following additional areas were identified for the Year 2017-18

- Rural Development in Punjab and under this initiative a village Chawani Kalan was adopted
- Protection of historical Buildings
- Rural Skill development centres all over India

The Sonalika ITL have CSR implementing agency named Sonalika Development Society. The Delhi based implementing agency has the regional programmes as well as programmes PAN India and projects implemented by Hoshiarpur agency are prevalent in Punjab. Some of their projects are being carried on their own and some projects are implemented with the help of NGOs.



Source: National CSR Portal

Year 2014-15

In this year all their projects were being carried out in Punjab. The total layout amount to spent for CSR the year 2014-15 was Rs 11, 60, 00,000 and the total amount that was spent is Rs 1,44,00,000. The areas of vocational skills and health care were left untouched.

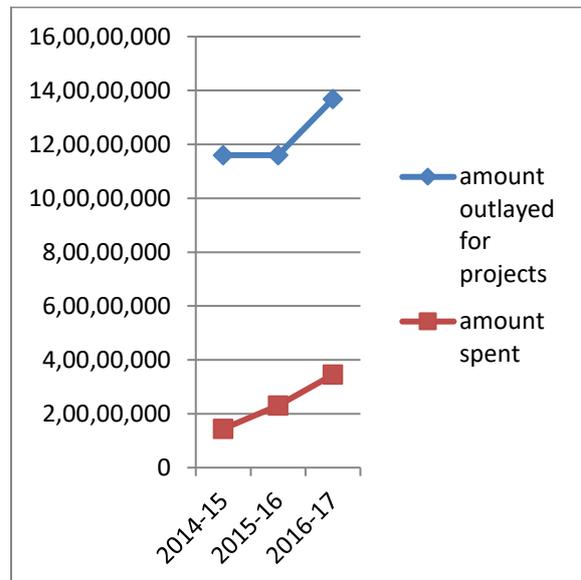
Year 2015-16

In year 2015-16 the projects to be operated outside Punjab were also launched. Following is the distribution for Punjab and Delhi. For year 2015-16 the total amount laid out to be spent on CSR was Rs. 3,57,00,000 and the amount spent was Rs,2,30,00,000 out of which the amount spent on projects in Punjab was Rs. 2,14,00,000 and for projects outside Punjab it was Rs. 16,00,000. From fig. 6 and 7 it is clear that in Punjab highest amount of money was spent in Environmental Stability and that in Delhi was Special Education.

Year 2016-17:

In year 2016-17 the along with projects being launched in Delhi and Punjab, projects in other states like UP, Andhra Pradesh and Rajasthan and also he projects PAN India were launched. For his year the amount laid out was Rs. 13,68,00,000 and total amount spent was Rs. 3,45,00,000 out of which Rs. 2,50,00,000 was spent in Punjab and Rs. 95,00,000 outside Punjab. In this year the planned areas of central govt. funds and welfare of armed forces dependents was not covered.

Following is the plot of their total amount laid out for all projects and total amount spent in different years.



Source: National CSR Portal

IV.MAJOR INITIATIVES TAKEN FOR ENVIRONMENTAL SUSTAINABILITY:

1. Clean and Green Hoshiarpur:

Having high responsibility towards the society and in line with the ‘Swachh Bharat Abhiyan’ Project of the central government, the company has continued Project ‘Clean and Green’ through Sonalika Social Development Society, wherein the various initiatives have been undertaken to clean roads, parks, colleges, and schools etc. of Hoshiarpur (PB) and nearby villages. The parks and roads of these colonies are also maintained by the Team of Volunteers of project clean & green. Under the project, the employees and officers of the company are also involved. The company is looking forward to take this project at big level by covering more colonies and parks. This initiative was started in 2003 and at that time 3 colonies were adopted to start with and till now 34 colonies have been adopted. Till now 1,0000 trees have been planted and the target is of 50,000 trees[11].

2. Crop residue management; In association with CIMMYT-BISA, Sonalika has adopted 25 villages in Haryana to create Climate Smart & Resilient Agriculture along with “CROP RESIDUE MANAGEMENT” as a pilot project. This project is aimed for making farmer community aware about the climate resilient cropping patterns. On the sidelines of above mentioned project a project is also planned for the Karnal district of Haryana. Also sonalika in partnership with other corporates organized a conference create awareness about impacts of crop residue burning in urban and rural area.

3. I Love HSP: This project is launched with aim to make Hoshiarpur more cleaner, greener and beautiful. Following three aspects are going to be covered under

this initiative: 1. Zero garbage; By systematic sorting of garbage for recycling and other best uses. 2. Plantation and beautification; Planting if trees on Roadside, painting of walls for beautification and installation of solar and LED lights to energy conservation. 3. No to plastic: Awareness rallies have been organized and cloth bags have been distributed.

4. The project flora and Fauna has been continued through Sonalika Social development Society in the village Jehan khelan. Additionally over 3000 trees have been planted in Jehan khelan to improve the quality of air and overall improvement in adjoining area. Additional water bodies have been added. It will further attract the species of birds and animals and shall promote the flora and fauna of the area as a whole.

Major projects undertaken for social development:

Udaan empowering women through sports:

It was one of the first CSR initiatives of Sonalika, where a number of shooting ranges were set up in various villages of Baghpath district, UP. After success of that initiative a shooting range has been setup in Govt. Sr. Sec School Chabbewal village of Hoshiarpur district in Punjab. This project in a very short period of time this range has produced 11 state level players.

Supporting women self help group: Sonalika has joined hands with Navjyoti foundation and has taken charge for empowering around 3000 women by promoting SHGs. Under this women are trained to involve in garment manufacturing, vermi-composting toy making masala making, handicrafts etc. These women have also taken up the responsibility to create a social movement in their villages by making people aware about various government policies like legal rights for women, Paani Panchayat for saving water and pond restoration, protecting environment by plantation etc.

1. Integrated slum development program: Under this initiative Sonalika has mainly focused on two areas:

- Making slum a better place for women and ensuring women health and hygiene through a project named "Sustainable Menstrual Hygiene".
- Also it is working with an NGO SPYM to help the youth affected by drug abuse to stop using those substances. Sonalika is also striving to bring the children who have dropped out from schools under main stream education.

Project - support for education to the needy children:

This project was launched in 2008 and started with providing educational support to 6 children of Anand Ashram. Currently 88 students from 26 schools are being helped under this initiative. Out of the students who have completed their secondary level education one student is pursuing BCA and one MBA at APJ College. One of the supported student has been employed at MRF, Bombay. One of them has been employed in Sonalika after completing his B.Tech. They are also supporting the

training in extracurricular activities like dancing, singing, shooting, Judo karate, and from there one girl has bagged gold medal at national level.

Rural development programme: Under Prime Minister's Rural Development Programme Sonalika is set to adopt villages and undertake development of streets, roads and street lighting in those villages. A village named Padiana has been adopted by Sonalika in Hoshiarpur Punjab where installation of solar lights has been undertaken.

Under PM rural development program, Company has also adopted village Chawanikalan for overall development like solar lights installation, renovation of government middle school with three new class room, science lab, library, fixing of paver in streets of village development of football ground, providing benches for senior citizens and school children with covered shed.

Skill Development and entrepreneurship: Through ts 54 skill development centres Sonalika has trained a number of people to become tractor mechanics with 100% employability. It is also helping those trained individuals to open up their own shps for repairing tractors under Prime Minister's Entrepreneurship Programme.

Also it has launched project "HSP I Sewa" to Bring the basic service provides under one mobile app and train them.

Other CSR initiatives of Sonalika are

Project Sanjivani Sharnam: Company has launched this Project in Hoshiarpur where in the company is operating senior citizen day care centre for senior citizens of Hoshiarpur and adjoining areas. Under this project the company is providing various facilities which includes various facilities like physiotherapy treatment and medical checkups beside get together and other entertainment activities for senior citizens to spend their time together with happiness and joy.

Project for protection of Flora and fauna:

The project flora and Fauna has been continued through Sonalika Social development Society in the village Jehan khelan. Additionally over 3000 trees have been planted in Jehan khelan to improve the quality of air and overall improvement in adjoining area. Additional water bodies have been added. It will further attract the species of birds and animals and shall promote the flora and fauna of the area as a whole.

Project for rural development:

Opening Centres for skill development in rural areas
Donation for medical aids and treatment.

Promotion of sports.

Protection of historical buildings.

V.FINDINGS:

Out of 15 households surveyed in two colonies on 1/5th in Birbal Nagar and 1/3rd in Gautam were aware about the adoption of their colonies by the Sonalika group for clean and green initiative. Although trees planted were near their houses but they did not know that trees were planted by Sonalika. But interestingly more than half of the households acknowledged the renovation of park undertaken in Gautam Nagar [12][13].

VI.CONCLUSION AND SUGGESTIONS:

The government of India has made it mandatory for the firms to be responsible for the development of society and contribute to the environmental sustainability by enacting 'The companies act, 2013'. Before this legislations it was all upto desire of the firms if they want to contribute to the development of society or not and even they wanted to contribute to this practice of welfare they could spend any amount according to their will. But with enforcement of this act all the companies making a specific amount of profit were brought under this ambit and the amount to be spent was also fixed and also the reporting of CSR activities was made mandatory leading to better accountability of activities[14].

It is clear from the data reported in previous chapters that the company is involved in the development of the society and environment sustainability much before the mandatory obligations imposed by government of India through the legislations in 2013. Hence it can be said that company has accepted the fact that it owes its responsibility to the country, the society and the environment from the resources of which it is taking advantage and is prospering. Also over the years it has been seen that CSR initiatives and amount spent on them has increased and every year some new areas to be focused on are added to their core development areas[18].

But from above given facts it is clear that some loopholes exist and need to be taken care of. Following are some loopholes identified and recommendations :

- Unawareness of local people about the initiatives:

This is evident from the primary survey done for Clean and Green initiative. If they involve the local people in this initiative, it will help them to take care of the trees planted, parks being renovated etc.

- From the comparison of the total amount outlay for projects and actual amount spent on CSR activities, it is clear that there has been always a gap between the two. Hence a proper execution for the planned activities should be there so that it can contribute more towards society[15]

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