

Critical Evaluation of the CSR Programs in India: with Special Reference to HUL and ITC Ltd.

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Abstract

Corporate Social Responsibility is seen as a classic humanitarian endeavour in India. This is an activity which is performed while keeping Indian tradition in mind but it is not deliberated. In the current scenario, it is now emerged as benchmark to judge corporate excellence. CSR has been developed as a concept for fulfilling company's obligations toward necessities of society as business is said to be a very important part of Indian society. All business firms to which category they belong have realized that business as well as society are inter-connected instead of being separate. In this study, the researcher aims to find out the CSR initiatives undertaken by HUL and ITC and also analyzed CSR funding by the selected companies into different projects. Secondary data has been collected in the study from different sources like company reports, e-newspapers, Journals, Doctoral Thesis etc. The collected data helped in analyzing different type of CSR projects/ activities undertaken by HUL and ITC for the last seven years. These companies have been focusing on contribution towards sustainable growth of environment and society for making planet Earth better place for the upcoming generations. This study has explored development of CSR and aimed to make comparison between the CSR activities which have been undertaken by the selected companies in India.

Keywords: Corporate Social Responsibility, Rural Development, HUL, ITC, Environmental Contribution

INTRODUCTION

Business scenario is changing rapidly and businesses are persuaded towards serving of society. They have understood role being played by society in making them successful and without their contribution towards the society, it is not possible to survive in the society. Businesses which are currently functioning in the economy are providing extra benefits to people around them as this indicates their responsible behaviour towards the society. The size of the business does not matter, if they are small and they start contributing towards the betterment of the society, then they will move into the category of medium or large enterprises soon. In case, a large capital company is not contributing towards the society, then in no time, it could become a small business due to huge losses. Hence, in current scenario there are many big business houses who are undertaking societal duties for their wellbeing. A larger portion of profit is being diverted towards fulfillment of societal needs.[1] Corporate Social

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responsibility signifies the commitment and rules of decision making authority which could progress and safeguard wellbeing of society as a whole and would not defend interest of the business concerns. Currently, CSR has become acceptable with the changing scenario. Hence, social responsibility can be referred to duties and obligations of business enterprises toward society as whole. The CSR as a means through which any organization maintains a balance between economic, environmental and social activities. Spending of CSR activities by the organization is said to be a simple procedure of

giving something in return to stakeholders and helping them in improving their lives and also making profit for the shareholders in a sincere manner. CSR cannot be said to be a new concept, rather it is being used since a long time now. Though there were no such obligations on the companies to spend their funds towards CSR. There has been a shift in their focus from making profit to meeting societal challenges with a support in the social welfare activities. CSR initiatives could contribute towards a better status like increase in loyalty among the investors, could open new market prospects, favorable reactions in the capital market. CSR is a manner wherein the companies could manage their business process for producing an overall effect on the society. It has covered manageability, ethics and social effect followed for continuing their operations in society. The following are the stakeholders which are covered under CSR:

- Customers
- Employees
- Shareholders/Investors
- Government
- Suppliers
- Business partners

Evolution of CSR In India

In India, the businesses are having a convention towards CSR. CSR as a term might be relatively new in India based on practice but as such it is known by many people since the historical times like it could be linked back to the Mauryan history. Philosophers such as Chanakya has emphasized on the ethical principles and practices while business is being conducted. CSR is practiced informally during the ancient times and the main form of CSR during this period was as charity to poor as well as disadvantaged class of society. The Indian scriptures are having several places as mentioned as being important to share their profit with the sections of society which are deprived.[2] There is a culture which is deeply rooted on the culture of caring and sharing. Religion plays a very important role to promoted CSR as a concept. The merchants who belong to Hindu religion use to donate different items in the temple, or got shelter or temple made. Some of them used to provide the basic needs to the needy people. The Hindus used to follow Dharmada wherein the seller or manufacturer charged a particular amount from purchaser and later this amount is spent for charity and this is said to be Dharmada. In similar fashion, the Sikhs followed Daashaant. Islam had a particular law named as Zakaat, that rules a part of the earning should be shared with the poor people as donation. [3]

The evolution of CSR in India can be broadly divided into four phases as mentioned below:

- **Phase 1:** Pure philanthropy and charity during the industrialization wherein the companies were responsible to the managers and owners
- **Phase 2:** CSR as a social development during independence struggle. In this companies were responsible to the managers, owners and the employees
- **Phase 3:** CSR under “mixed economy model” and in this companies were responsible to the managers, owners and the target environment
- **Phase 4:** CSR becomes sustainable business strategy and in this the companies are responsible to all the stakeholders.

First phase of CSR has been motivated by the noble deeds of charity and philanthropists. This phase was influenced by traditions, religion, culture and family values along with the industrialization. Till the year 1850, wealthy businessmen used to share their reserves with society by setting up of religious institutions or temples. During 1900s, industrialist families like Godrej, Tatas, Birlas, Singhanias, Bajajs and Modis and the others have promoted this as a concept by setting up of healthcare and educational institutions, charitable foundations and trust for the community development.[4]

Second phase of CSR was period of the independence struggle when industrialists were rushed for showing their dedication toward benefits of society. Mahatma Gandhi encouraged the powerful

industrialists that they should share their wealth for benefits of the underprivileged sections of society.[5]

During third phase which is from 1960-80, CSR has been influenced by emergence of the Public sector entities for ensuring proper wealth distribution in India. Policy associated with industrial licensing, restrictions and high taxes on private sector has resulted in the corporate misconducts. This has led towards endorsement of the legislation related to corporate governance, environmental issues and labor. [6]

During the fourth phase which was during 1980s and onwards, the corporate entities have integrated CSR into the sustainable business strategy. With economic liberalization and globalization during the 1990s and withdrawing control and licensing system there has been a boom in economic growth of India. This has led to a bigger thrust in the industrial growth which has made it possible for companies to contribute towards social responsibility with a huge amount. In the current scenario in our country, CSR is not only considered as donations and charity, rather it has been approached in a more structured manner. CSR has become an important part of corporate strategy. Companies are having CSR teams specifically device strategies, goals and policies for CSR programs and the companies set a particular budget for supporting the disadvantaged and under-privilege people of the community. [7]

FMCG Industry in India

The Fast-moving consumer goods (FMCG) industry has been the fourth largest industry in India. It has been characterized by the high turnover consumer packaged goods. These goods are those which are produced, marketed, distributed and consumed within short time span. FMCG products are the ones which dominate the entire market and they belong to different categories of products such as personal care category i.e. detergents, tooth cleaning product, cosmetics, toiletries etc. FMCG sector in our country includes pharmaceuticals, soft drink packaged, chocolates, consumer electronics and food products. Since this sector encompasses huge product range, there are different companies which dominate market in different sub-sectors. However, in India some top FMCG companies are Dabur, Colgate, HUL and ITC. [8]

Considering fact that industry is having an expertise about providing solution for sanitation, nutrition, among different other problems, many industry players have invested CSR funds for addressing these issues. In the said context, CSR initiatives which have been undertaken by two FMCG companies i.e. HUL and ITC Ltd. which take CSR in a serious manner have been discussed. [9]

REVIEW OF LITERATURE

Macias M. E. U. (2020) has aimed to present theoretical approach for proposing social responsibility management model related to project management. This is considered to be a theoretical support towards Project management and CSR. During recent period, CSR is applied widely in different permanent organizations. There is no such evidence which indicates that CSR is systematically incorporated into various projects that are temporary organizations which are specifically based on PM practices. This method has been employed which began from setting of topics which should be consulted. Documentary research has been carried out through renowned books and databases which are based on two topics on the basis of keywords. Results of research have been classified based on certain topics and theoretical framework has been drawn. The result of the study are based on various items i.e. CSR, stakeholders and social responsibility. Development of theoretical research has been based on analytical review of literature and construction of theoretical framework.

Newman C. et al (2020) have aimed to understand the functioning of CSR in competitive business environment. This study has used 5,000 Vietnamese enterprises. Explored firm's level productivity effect of CSR. Data enabled us to create quantitative CSR measures that could be grouped into categories which are related to community and management which is based on CSR initiatives. This

study indicated a positive relation between CSR initiatives as well as firm's efficiency which revealed impact which is stronger for the firms in the industries which are non-competitive. This study indicated that local community has focused on CSR initiatives which have driven aggregate effect. This study has suggested that actions by the firms which are socially responsible are quite likely to pay when stakeholders engage themselves are having a localized focus. A sample which has been considered in this study is based on data from 2011 to 2014. This study has undertaken population of the manufacturing enterprises which have been registered and having 30 employees and even more. An overall sample of this study included 8000 manufacturing firms and they have been selected through stratified random sampling method. A positive as well as well-determined interaction terms between HHI and CSR have indicated there exists positive relationship between firm's efficiency and CSR adoption.

Kadam V. R. (2021) have explained the concept of CSR which has been accepted globally and it cannot be ignored by corporate world. Considering changes in market scenario, the firms need to make an alteration in the work culture based on market demands. The firms in India are not behind based on their initiatives and they are proceeding with their CSR activities. Based on the new bills which have been laid down for the companies, there is clear mention about the CSR practices which have to be conducted by the companies and they need to spend around 2% of their net profit on some or the other CSR activities. The bill has made it compulsory for the companies to discharge social commitments toward their shareholders such as government, customers and the community on a large level. The CSR activities helps in enhancing their economic development. This aimed to understand the importance of CSR and focus on different areas of CSR activities which have been selected by different companies on a large scale. This study has revealed that majority companies are engaged in conducting extensive CSR activities towards healthcare and education areas. CSR has brought a new way to get bottom of social problems through a shared cooperation between business firms and government.

OBJECTIVES OF THE STUDY

1. To study evolution of Corporate Social Responsibility in India.
2. To study various CSR practices carried out by HUL and ITC companies during last 7 years

RESEARCH METHODOLOGY

This study is analytical in nature. It is based on data collected from Annual Reports of Hindustan Unilever Limited (HUL) and ITC Ltd. The CSR practices of HUL and ITC have been evaluated in the study. The amount spent on CSR practices during a period of last 7 years have been studied and compared. The secondary data has been collected from research papers, magazine articles, media reports, newspaper articles and journals.

CSR IN HINDUSTAN UNILEVER LIMITED

HUL is one of biggest corporation in India which is dealing with consumer goods and is headquartered at Mumbai, India. HUL is subsidiary of Unilever which is a British company. The FMCG products include beverages, personal care product, cleaning agent, water purifier and other such products.

HUL was established in the year 1931 as "Hindustan Vanaspati Manufacturing Company" and it followed a merger of constituent groups in the year 1956, it has been renamed as "Hindustan Lever Limited". Company was later renamed in the month of June 2007 as "Hindustan Unilever Limited".[10]

Having 44 brands which spread in 14 distinct categories like fabric solutions, deodorants, home and hygiene, skin cleansing, life essentials, hair care, health food drinks, food, coffee, tea, oral care, skincare, colour cosmetics, frozen desserts and ice cream as a part of everyday life among millions of consumers in India. The products portfolio include some leading household brand like Lux, Rin, Pureit, Clinic Plus, Closeup, Kwality Wall's, Bru, Glow & Lovely, Lifebuoy, Knorr, Vaseline, Dove, Kissan,

Wheel, Pepsodent, Surf excel, Pond's, Lakmé, Brooke Bond, Sunsilk, Axe and Horlicks. HUL is having more than 21000 employees and has net sales turnover of INR 51,193 crores (financial year 2021-22). HUL is subsidiary of Unilever, one of leading supplier of food, personal care, Refreshment products, Home Care and Personal Care having sales in more than 190 countries and annual sales turnover of €51 billion during 2020.

In India, Forbes has rated HUL as most innovative company and has been ranked as 8th globally. Aon Hewitt has recognized HUL as best companies for working and they have continued to be 'Employer of Choice' in this industry during more than 12 years.

The above table indicates prescribed CSR amount and the actual CSR amount spent (Rs. In Crore) of HUL for last seven years i.e. from 2015-16 to 2021-22. The highest amount spent for CSR has been during the year 2020-21 i.e. Rs. 165.2 Crores. The highest difference between prescribed CSR amount and Actual CSR amount spent has been during the year 2017-18 where the actual CSR spent amount exceeded the prescribed CSR amount by Rs. 3.89 Crores. Only during the year 2021-22, lesser amount was spent on CSR as compared to the prescribed CSR amount.

HUL has been committed towards operations and growth of their business in a manner which is socially responsible. Their vision is about growing their business and reducing the environmental impact on their operations, this would increase social impact in a positive manner. HUL has spent more than 500 crores on their CSR activities during last 5 years and have spent an amount which is mandated as per CSR law.

HUL has used their CSR funds for working towards different issues which have plagued development of our country. HUL has achieved great success in different areas like water conservation and tackle with hygiene and health issues at the grass root level.

The company has implemented their CSR initiatives through the Hindustan Unilever Foundation (HUF). This is a foundation which acts as a non-profit vehicle which helps in anchoring sustainability initiatives and community development initiatives by HUL like water management related problems. HUF has been operating their 'Water for Public Good' programme which is having a specific focus towards empowering of local community institution for governing water resource and enhancing farm-based livelihood through adoption of water management practices which are judicious in nature. Since the year 2010, HUF has been supporting interventions at grassroots in 53 districts in association with 23 NGO partners across who are spread among 4,300 villages in our country. Table.1

Table 1. CSR financial details of hul for last seven years.

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Prescribed CSR Amount (Rs. in Cr.)	91.94	101.71	112.2	124.19	142.2	161.74	184.43
Actual CSR Amount Spent (Rs. in Cr.)	92.12	103.88	116.09	126.45	143.74	165.2	157.58
Difference	0.18	2.17	3.89	2.26	1.54	3.46	-26.85

Source: Company's CSR Reports

The highest amount spent by HUL during the year ending March 2022 has been on Project Shakti i.e. Rs. 71.20 crores and the main purpose of this project was Financially empowering and providing livelihood opportunities for women in the rural areas. HUL has been spending on different CSR projects and it has been helping the disadvantaged and underprivileged people of our country. HUL has been playing a very important role in upliftment of people and enhancing the growth of people who have been excluded from the development in previous years. Table.2

Table 2. List of activities under the CSR initiatives and the amount spent on different projects by HUL during year 2021-22.

S.N.	CSR Project	Project Coverage	Project Budget (Rs. In Cr.)	Purpose
1	Project Prabhat	Pan India	14.25	Develop local communities around the key sites which includes different manufacturing locations
2	Project Shakti	Pan India	71.20	Financially empowering and providing livelihood opportunities for women in the rural areas
3	Water conservation	Pan India	9.88	Address water challenges – specifically mainly in the rural communities which intersect with the agricultural sector
4	Asha Daan	Mumbai, Maharashtra	0.70	Aimed to help differently abled, HIV positive, destitute people and abandoned children
5	Project SASB	Pan India	5.35	Promote good hygiene and health practices
6	Project Sanjeevani	Tinsukia, Assam	0.51	Preventive Sanitation, water and healthcare
7	Plastic Waste Management	Mumbai, Maharashtra	10.62	Manage plastic waste from different industries
8	Covid-19 relief work	Pan India	37.36	To eradicate poverty, malnutrition and hunger
9	Promoting Nutrition & Hygiene	Pan India	6.54	Promote nutrition and hygiene
10	Project Ankur	Tinsukia, Assam	0.32	Special education for the children having disabilities

Source: CSR Report from HUL

CSR IN ITC LIMITED

ITC Limited is multinational company which was established in the year 1910 under name of Imperial Tobacco Company of India Limited having head quarter in Kolkata, West Bengal. It is having a diversified presence across many industries like FMCG, paperboards, specialty papers, cigarettes, packaging, hotels, information technology and agribusiness. This company is running 13 businesses in 5 segments. This company is exporting different products to 90 countries in the entire world. Their products are available in more than 6 million retail outlets. Table.3

Table 3. CSR financial details of ITC ltd. For last seven years.

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Prescribed CSR Amount (Rs. in Cr.)	246.76	275.27	290.47	306.55	326.17	352.84	354.89
Actual CSR Amount Spent (Rs. in Cr.)	247.5	275.96	290.98	306.95	326.49	353.46	355.03
Difference	0.74	0.69	0.51	0.4	0.32	0.62	0.14

The above table indicates prescribed CSR amount and the actual CSR amount spent (Rs. In Crore) of ITC for last seven years i.e. from 2015-16 to 2021-22. The highest amount spent for CSR has been during the year 2021-22 i.e. Rs. 355.03 Crores. The highest difference between prescribed CSR amount and Actual CSR amount spent has been during the year 2015-16 where the actual CSR spent amount exceeded the prescribed CSR amount by Rs. 0.74 Crores. ITC has been spending huge amount for CSR projects and is helping the disadvantaged and under-privilege people of the society.

ITC focuses on CSR energy towards rural development of our country. The company spent Rs. 355.03 crores on CSR initiatives in 2021-22, which is more than the amount spent during the previous years. The company is having many active social projects related to education, sustainable agriculture, environmental conservation, digital literacy, sports, culture and healthcare.

ITC Choupal has been a flagship CSR program which is being continued since a long time and is beneficial for the agriculture in our country. It is considered to be program which is working as a gold standard towards community development in the international circle. ITC Choupal has created a significant impact on many farmers since a lot many years though economic empowerment and digital literacy, but this has replicated by other corporates towards social welfare in different communities.

In line with the commitment for putting Nation First and giving a response to needs which arise out of lockdown implemented for containing first wave pandemic, ITC has spear headed CSR initiative for enabling creation of eco-system which would lead towards significant livelihood generation for the farmers as well as daily wages earners under ambit of MGNREG Scheme of Government.

During second wave, company aimed to mitigate crisis through supply of oxygen cryogenic container to the oxygen generators and concentrators. For serving national priority to ease bottleneck in transportation of medical oxygen, ITC had a tie up with Linde India for airfreighting of 24 cryogenic ISO container weighing 20 tonnes each from the Asian countries for transporting medical oxygen in the entire country. CSR initiatives have come in wake of lesser availability of medical oxygen, constraining ability of healthcare system for treating coronavirus patients.

Additionally, ITC airlifted many oxygen concentrators for being distributed. The group of paperboards unit situated in Bhadrachalam have commenced supplying oxygen to the neighboring areas.

Table 4. Following are the activities initiated by ITC Limited under CSR initiatives during the year 2021-22.

S.N.	Name of Project	2021-22 (Rs. In Cr.)	Purpose
1	Health & Sanitation	51.01	Promotion of healthcare which includes preventive healthcare
2	Solid Waste Management	15.87	Management of solid waste
3	Vocational Training	15.66	Employment enhancing vocational skills
4	Integrated Animal Husbandry	1.35	Project for Livelihood enhancement
5	Livelihood Promotion	2.31	Project for Livelihood enhancement
6	Education	24.41	Promoting education which also includes special education
7	Women Empowerment	7.83	Promoting empowerment of women and gender equality
8	Soil & Moisture Conservation	55.62	Conserving natural resources and maintenance of air, water and soil
9	Social Forestry	2.61	Ensure environmental sustainability, protecting flora and fauna, agroforestry, animal welfare
10	Protection of natural heritage, art and culture	2.30	Protecting culture, natural heritage and art
11	Improved Agriculture Practices	55.87	Project for rural development
12	Disaster Relief	93.21	Management of Disaster which includes rehabilitation, reconstruction and relief activities
13	Research in Science, technology, engineering and medicine	3.77	Contribution towards the field of research in engineering, technology, medicine and Science

Source: ITC Limited – Report and Accounts 2022

The highest amount spent by ITC during the year ending March 2022 has been on Disaster Relief i.e. Rs. 93.21 crores and the main purpose of this project was Management of Disaster which includes rehabilitation, reconstruction and relief activities. ITC has been spending on different CSR projects and

it has been helping the disadvantaged and underprivileged people of our country. ITC has been contributing towards different segments like research, education, forestry, soil conservation, agricultural practices etc. table.4

FINDINGS

1. HUL has undertaken 10 different CSR projects and ITC has undertaken 13 CSR projects during the year ending 31st March 2022.
2. ITC has been spending huge amount for CSR projects and is helping the disadvantaged and under-privilege people of the society.
3. The company spent Rs. 355.03 crores on CSR initiatives in 2021-22, which is more than the amount spent during the previous years.
4. The highest amount spent by ITC during the year ending March 2022 has been on Disaster Relief i.e. Rs. 93.21 crores
5. The highest amount spent by HUL during the year ending March 2022 has been on Project Shakti i.e. Rs. 71.20 crores
6. The highest difference between prescribed CSR amount and Actual CSR amount spent of HUL has been during the year 2017-18 where the actual CSR spent amount exceeded the prescribed CSR amount by Rs. 3.89 Crores.

CONCLUSION

Corporate Social responsibility signifies the commitment and rules of decision making authority which could progress and safeguard wellbeing of society as a whole and would not defend interest of the business concerns. This study is analytical in nature. It is based on data collected from Annual Reports of Hindustan Unilever Limited (HUL) and ITC Ltd. The CSR practices of HUL and ITC have been evaluated in the study. The amount spent on CSR practices during a period of last 7 years have been studied and compared. The secondary data has been collected from research papers, magazine articles, media reports, newspaper articles and journals. FMCG sector in our country includes pharmaceuticals, soft drink packaged, chocolates, consumer electronics and food products. Since this sector encompasses huge product range, there are different companies which dominate market in different sub-sectors. However, in India some top FMCG companies are Dabur, Colgate, HUL and ITC. The highest amount spent by HUL during the year ending March 2022 has been on Project Shakti i.e. Rs. 71.20 crores and the main purpose of this project was Financially empowering and providing livelihood opportunities for women in the rural areas. The highest amount spent by ITC during the year ending March 2022 has been on Disaster Relief i.e. Rs. 93.21 crores and the main purpose of this project was Management of Disaster which includes rehabilitation, reconstruction and relief activities. ITC and HUL has been spending on different CSR projects and it has been helping the disadvantaged and underprivileged people of our country. Both the companies have been contributing towards different segments like research, education, forestry, soil conservation, agricultural practices etc.

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